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CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1 IN THE UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

3 -----x
4 SECURITIES AND EXCHANGE COMMISSION,

5 Plaintiff, Case No.
6 20-civ-10832(AT) (SN)

7 vs.

8 RIPPLE LABS, INC., BRADLEY GARLINGHOUSE,
9 and CHRISTIAN LARSEN,

10 Defendants.
11 -----x

12 ** CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER **

13 VIDEOTAPED DEPOSITION OF

14 DINUKA SAMARASINGHE

15 919 Third Avenue

16 New York, New York

17 June 9, 2021

18 9:17 a.m.
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22
23

24 Reported By:
25 Cheryll Kerr, CSR
JOB No. 210609CK

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8 RIPPLE LABS, INC., BRADLEY GARLINGHOUSE,
9 and CHRISTIAN LARSEN,

10 Defendants.
11 -----x

12 ** CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER **
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16 VIDEOTAPED DEPOSITION OF DINUKA SAMARASINGHE, held
17 at the offices of Debevoise & Plimpton, LLP, located
18 at 919 Third Avenue, New York, New York, before
19 Cheryll Kerr, CSR, a Certified Shorthand Reporter
20 and Notary Public, on Wednesday, June 9, 2021, at
21 9:17 a.m.
22
23
24
25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

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25 (Continued on the next page)

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

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21 Michael Bennett, Legal Videographer

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23 ***

24 ***

25 ***

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

INDEX

WITNESS	PAGE
DINUKA SAMARASINGHE	
Direct examination by Mr. Moyer	16
Cross-examination by Ms. Zornberg	292
Redirect by Mr. Moyer	314
Cross-examination by Mr. Levander	314

EXHIBITS

DS FOR ID	DESCRIPTION	PAGE
1	One-page e-mail chain with top e-mail dated 1/14/14, from [REDACTED] com to Phil Rapoport	81
Exhibit 2	Eight-page e-mail chain with top e-mail dated 11/24/15, from Dinuka Samarasinghe to [REDACTED] et al.	84
Exhibit 3	Three-page e-mail chain with top e-mail dated 10/11/16, from Dinuka Samarasinghe to [REDACTED] et al.	95

(Continued on the next page)

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1	EXHIBITS (Cont.)		
2	DS		
3	FOR ID	DESCRIPTION	PAGE
4	Exhibit 4	One-page e-mail dated	103
5		12/10/16, from [REDACTED]@ripple.com	
6		to [REDACTED]@ripple.com	
7		et al.	
8	Exhibit 5	Nine-page e-mail chain with top	112
9		e-mail dated 1/10/17, from	
10		Miguel Vias to Dinuka	
11		Samarasinghe	
12	Exhibit 6	Two-page e-mail chain with	128
13		top e-mail dated 9/28/17,	
14		from [REDACTED] to	
15		[REDACTED] et al.	
16	Exhibit 7	Three-page e-mail chain	134
17		with top e-mail dated	
18		11/2/17, from Miguel Vias	
19		to Patrick Griffin	
20	Exhibit 8	One-page e-mail chain with	147
21		top e-mail dated 12/13/17,	
22		from [REDACTED] to	
23		Miguel Vias et al.	
24	(Continued on the next page)		
25			

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1	EXHIBITS (Cont.)		
2	DS		
3	FOR ID	DESCRIPTION	PAGE
4	Exhibit 9	One-page e-mail dated	153
5		12/16/17, from Miguel Vias	
6		to [REDACTED]	
7		"Subject: Stop Selling"	
8	Exhibit 10	Three-page e-mail chain with	163
9		top e-mail dated 1/31/18,	
10		from Dinuka Samarasinghe	
11		to [REDACTED] et al. and	
12		attachment	
13	Exhibit 11	Three-page e-mail chain with	170
14		top e-mail dated 3/22/18,	
15		from Dinuka Samarasinghe	
16		to [REDACTED] et al.	
17	Exhibit 12	Thirteen-page e-mail chain	174
18		dated 4/12/18, from [REDACTED]	
19		[REDACTED] to Dinuka	
20		Samarasinghe, Bates Nos.	
21		RPLI_SEC 0198978 through	
22		RPLI_SEC 0198990	
23			
24			
25	(Continued on the next page)		


CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1	EXHIBITS (Cont.)		
2	DS		
3	FOR ID	DESCRIPTION	PAGE
4	Exhibit 13	Two-page e-mail chain with top	184
5		e-mail dated 9/18/18, from	
6		[REDACTED] to Brad	
7		Garlinghouse et al.	
8	Exhibit 14	One-page e-mail chain with top	194
9		e-mail dated 7/17/19, from	
10		[REDACTED] to	
11		[REDACTED] com	
12		et al.	
13	Exhibit 15	Two-page e-mail dated 9/3/19,	199
14		from [REDACTED] to	
15		[REDACTED]@ripple.com,	
16		Bates Nos. RPLI_SEC	
17		0295504 through RPLI_SEC	
18		0295505	
19	Exhibit 16	Two-page e-mail dated	217
20		10/15/19, from Breanne	
21		Madigan to	
22		[REDACTED]@ripple.com,	
23		Bates Nos. RPLI_SEC	
24		0518302 through 0518303	
25	(Continued on the next page)		

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1	EXHIBITS (Cont.)		
2	DS		
3	FOR ID	DESCRIPTION	PAGE
4	Exhibit 17	Five-page e-mail chain with top	221
5		e-mail dated 11/16/19, from	
6		[REDACTED] to [REDACTED]	
7		et al.	
8	Exhibit 18	Two-page e-mail dated 12/28/17,	158
9		from [REDACTED] to	
10		[REDACTED] @ripple.com et al.,	
11		Bates Nos. [REDACTED] 0039962	
12		through [REDACTED] 0039963	
13	Exhibit 19	Five-page e-mail chain dated	238
14		1/10/20, from Breanne Madigan	
15		to [REDACTED] @ripple.com, Bates	
16		Nos. RPLI_SEC 0502500	
17		through 0502504	
18	Exhibit 20	Six-page e-mail chain dated	48
19		1/12/20, from [REDACTED]	
20		to [REDACTED] et al.,	
21		Bates Nos. RPLI_SEC	
22		0504285 through 0504290	
23			
24			
25	(Continued on the next page)		

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1	EXHIBITS (Cont.)		
2	DS		
3	FOR ID	DESCRIPTION	PAGE
4	Exhibit 21	Three-page e-mail chain with top	241
5		e-mail dated 1/13/20, from	
6		Dinuka Samarasinghe to Ron Will	
7		et al.	
8	Exhibit 22	19-page document entitled "Ripple	242
9		Liquidity ODL & Market Maker	
10		Overview + Outlook for 2020,"	
11		bearing Bates Nos. RPLI_SEC	
12		050375 through 0503593	
13	Exhibit 23	Three-page e-mail dated	245
14		3/25/2020, from	
15		 @ripple.com to	
16		"[Slack Retention] Ripple - :	
17		Private" et al., Bates Nos.	
18		RPLI_SEC 0318645 through	
19		0318647	
20			
21			
22			
23			
24			
25	(Continued on the next page)		

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1	EXHIBITS (Cont.)		
2	DS		
3	FOR ID	DESCRIPTION	PAGE
4	Exhibit 24	Two-page e-mail dated	249
5		3/26/2020, from Dinuka	
6		Samarasinghe to [REDACTED]	
7		[REDACTED] et al., Bates Nos.	
8		RPLI_SEC 0492574 through	
9		0492575	
10	Exhibit 25	Two-page e-mail chain with	252
11		top e-mail dated 3/29/2020,	
12		from Dinuka Samarasinghe to	
13		[REDACTED] et al., Bates	
14		Nos. RPLI_SEC 0479912	
15		through 0479913	
16	Exhibit 26	One-page e-mail dated	257
17		4/8/2020, from [REDACTED]	
18		[REDACTED] to Breanne	
19		Madigan et al., "Subject:	
20		Bitso Update"	
21			
22			
23			
24			
25	(Continued on the next page)		

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1	EXHIBITS (Cont.)		
2	DS		
3	FOR ID	DESCRIPTION	PAGE
4	Exhibit 27	Eight-page e-mail chain with top	260
5		e-mail dated 4/15/20, from	
6		Dinuka Samarasinghe to [REDACTED]	
7		et al.	
8	Exhibit 28	Four-page e-mail chain with top	263
9		e-mail dated 5/29/2020, from	
10		[REDACTED] et al.	
11	Exhibit 29	Thirteen-page document entitled	266
12		"XRP-O Supply Concerns," Bates	
13		Nos. RPLI_SEC 0301743 through	
14		0301755	
15	Exhibit 30	Four-page e-mail dated	273
16		6/24/2020, from	
17		[REDACTED]@ripple.com	
18		to [REDACTED]@ripple.com et	
19		al., Bates RPLI_SEC	
20		0504550 through 0504553	
21	Exhibit 31	One-page e-mail dated	281
22		8/25/2020, from Dinuka	
23		Samarasinghe to	
24		[REDACTED]@ripple.com	
25	(Continued on the next page)		

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1	EXHIBITS (Cont.)	
2	DS	
3	FOR ID	PAGE
4	Exhibit 32	Two-page e-mail dated 284
5		11/21/2020, from
6		[REDACTED]@ripple.com to
7		[REDACTED]@ripple.com, Bates Nos.
8		RPLI_SEC 0318653 through
9		03180318654
10	Exhibit 33	Two-page e-mail dated 288
11		11/21/2020, from
12		[REDACTED]@ripple.com to
13		[REDACTED]@ripple.com et al.,
14		Bates Nos. RPLI_SEC
15		0504585 through 0504586
16	Exhibit 34	(Not Presented)
17	Exhibit 35	One-page e-mail dated 227
18		7/1/19 from Dinuka
19		Samarasinghe to [REDACTED]
20		[REDACTED] et al., Bates
21		No. SEC- [REDACTED]
22		0048590
23		***
24		***
25		***

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:17 1 THE VIDEOGRAPHER: We are now on the
2 record. The time is approximately 9:17 a.m.
3 on June 9th, 2021.

4 This is Video No. 1 of the video
09:17 5 deposition of Dinuka Samarasinghe, taken in
6 the matters of Securities and Exchange
7 Commission, plaintiff, versus Ripple Labs,
8 Inc. et al., Case No. 20-civ-10832, in the
9 United States District Court, Southern
09:18 10 District of New York.

11 My name is Michael Bennett, legal
12 videographer with Gradillas Court Reporters.
13 Today, we are at the offices of
14 Debevoise & Plimpton, located at 919
09:18 15 Third Avenue in New York, New York. Would
16 counsel please identify themselves?

17 MR. MOYE: I am Robert Moyer, here for the
18 SEC.

19 With me in the room are two colleagues,
09:18 20 Jon Daniels and Jorge Tenreiro. We also have
21 various people on Zoom that are viewing as
22 well.

23 MR. HECKER: Sean Hecker, from Kaplan
24 Hecker & Fink, joined by my colleague, Justin
09:18 25 Horton, for Mr. Samarasinghe.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:18 1 MS. ZORNBERG: Lisa Zornberg, on behalf
2 of Ripple, and I am joined by Joy Guo and Joe
3 Bianco of Debevoise & Plimpton and Anna
4 Guardado of Ripple.

09:19 5 MR. LEVANDER: Samuel Levander, from
6 Cleary, Gottlieb, Steen & Hamilton, on behalf
7 of Bradley Garlinghouse.

8 Joining me from Cleary Gottlieb by video
9 is Alexander Janghorbani.

09:19 10 MS. LINSENMEYER: Robin Linsenmayer, on
11 behalf of Christian Larsen, from Paul, Weiss,
12 Rifkind, Wharton & Garrison.

13 I'm on the Zoom, and with me is my
14 colleague, Grace Tiedemann.

09:19 15 THE VIDEOGRAPHER: Thank you all very
16 much.

17 The court reporter is Cheryl Kerr, also
18 representing Gradillas Court Reporters. I
19 would ask her to please swear in the witness.

09:19 20 D I N U K A S A M A R A S I N G H E,
21 called as a witness, having been duly
22 sworn, was examined and testified
23 as follows:

24 THE SHORTHAND REPORTER: Thank you.
09:19 25 Please proceed.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:19 1 DIRECT EXAMINATION
2 BY MR. MOYE:
3
4 Q. Good morning, Mr. Samarasinghe.
09:19 5 A. Good morning.
6 Q. Could you please state your name for the
7 record?
8 A. Dinuka Samarasinghe.
9 Q. Thank you. Are you represented by counsel
09:20 10 today?
11 A. Yes, sir.
12 Q. Who is your counsel?
13 A. Mr. Hecker and Mr. Horton.
14 Q. To your knowledge, does your counsel
09:20 15 represent any of the other witnesses in the case?
16 A. Yes.
17 Q. Okay. Do you know who they are?
18 A. Miguel Vias, Asheesh Birla. Those are the
19 two that I am ...
09:20 20 (Thereupon, an informal discussion was
21 held off the record.)
22 BY MR. MOYE:
23 Q. Okay. Anyone else that you know of?
24 A. I'm not 100 percent sure.
09:20 25 Q. Okay. As I said earlier, my name is Robert

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:20 1 Moye, and I will be asking you questions on behalf of
2 the SEC, who is the plaintiff in this case.

3 Have you ever given testimony in a deposition or at
4 trial before?

09:20 5 A. No, sir.

6 Q. Okay. So let me just give you some
7 guidelines so we can get a clear record on the court
8 reporter's transcript.

9 First of all, we shouldn't talk over each other, so
09:21 10 I need to let you finish your answers and please let me
11 finish my questions before you jump in. Does that work?

12 A. Yes, sir.

13 Q. Also, we -- we need verbal answers rather
14 than a nod or shaking of the head, so you are doing good
09:21 15 so far, and from time to time, other lawyers may raise
16 objections.

17 When that happens, I have a choice. I can either
18 reframe or reword my question, or I can go ahead and ask
19 you to answer what's already pending. If you don't
09:21 20 remember, don't sweat it, because the court reporter can
21 read it back. At this point, I think Lisa wants to add
22 something.

23 MS. ZORNBERG: Yes. I just want to put
24 on the record that for today's deposition, any
09:21 25 objection by Mr. Hecker or Mr. Horton or by

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:21 1 any of the lawyers for the three defendants in
2 the case will preserve the objection as to all
3 of us so we don't have to make duplicate
4 objections.

09:21 5 BY MR. MOYE:

6 Q. Finally, I'm just looking for your best
7 recollections in this deposition. I'm not looking to
8 inquire into any advice your lawyers gave you. So if,
9 by some chance, I ask you a question that you think the
09:22 10 answer requires you to disclose that, don't do it.

11 Indicate that that would require disclosure of
12 conversations with your lawyer, and I will work around
13 that. Does that work?

14 A. Yes, sir.

09:22 15 Q. Can you tell me what you did to prepare for
16 today's deposition? Did you meet with counsel?

17 A. Yes, I did.

18 Q. Did you have any preparation sessions?

19 A. Yes, I did.

09:22 20 Q. How many?

21 A. Around four.

22 Q. Okay. During any of these preparation
23 sessions, was anyone participating besides your lawyers?

24 A. Yes.

09:22 25 Q. At how many sessions?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:22 1 (Pause.)

2 THE WITNESS: Yesterday's session, and
3 I -- I think one before that.

4 BY MR. MOYE:

09:22 5 Q. Okay. Do you know who those other people
6 were?

7 A. Yes.

8 Q. Who were they?

9 A. Counsel for Ripple.

09:22 10 Q. Do you know which lawyers for Ripple?

11 A. Ms. Zornberg.

12 Q. Okay?

13 A. Ms. Guo, and there was a gentleman in the
14 room. I forget his name.

09:23 15 Q. Okay. What about counsel for the individual
16 defendants? Were any of them in these preparation
17 sessions?

18 A. Not to my recollection.

19 Q. Okay. In those sessions that you attended
09:23 20 with --

21 In those sessions that were attended by lawyers
22 from Ripple, can you tell me in general what it is you
23 talked about?

24 MR. HECKER: Objection. I'll instruct
09:23 25 you not to answer the question.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:23 1 MR. MOYE: Was there a joint privilege?

2 MR. HECKER: There's -- a common interest
3 covered our discussion in preparation for his
4 deposition, yes.

09:23 5 BY MR. MOYE:

6 Q. Okay. Without saying I agree with that, are
7 you going to follow your lawyer's instruction not to
8 answer that last question?

9 A. Yes.

09:23 10 Q. Okay. I just need to get that on the record.

11 A. Okay.

12 Q. Can you tell me what documents you looked at
13 in preparation for your --

14 Can you tell me, first of all, did you look at
09:23 15 documents in preparation for the deposition?

16 A. I did.

17 Q. Were there any documents that helped you
18 remember things you couldn't remember before until after
19 you had looked at the documents?

09:24 20 A. There were several documents that may have
21 refreshed my memory a little bit.

22 Q. Okay. With regard to those documents that
23 helped you remember things or refresh your recollection,
24 can you tell me what kinds of documents they were?

09:24 25 A. In general, e-mail exchanges. There were

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:24 1 some market color and market commentary that I had
2 produced.

3 Q. Any internal Ripple documents or reports?

4 MR. HECKER: Objection to the form of the
09:24 5 question. But you can answer, if you
6 understand it.

7 BY MR. MOYE:

8 Q. Best you can.

9 A. Could you rephrase?

09:24 10 Q. Yeah. I may not be getting the right kind of
11 documents, but were there any special reports about XRP
12 or market analysis that you looked at?

13 MS. ZORNBERG: Objection to form.

14 BY MR. MOYE:

09:25 15 Q. You can answer.

16 A. A lot of the market commentary, stuff that we
17 produced.

18 (Thereupon, an informal discussion was
19 held off the record.)

09:25 20 THE WITNESS: Sorry. There were analyses
21 on -- on XRP.

22 BY MR. MOYE:

23 Q. Is there any single or couple of documents
24 that you remember as being particularly helpful in
09:25 25 preparation for the case and helping you remember?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:25 1 A. No, sir.

2 Q. Okay. Do you have any understanding, even a
3 general one, about what the SEC is alleging in this
4 lawsuit?

09:25 5 A. I am not a securities lawyer, but I have -- a
6 general understanding.

7 Q. Just take your best shot. What is your
8 understanding in your own words?

9 A. My understanding is that the SEC alleges that
09:25 10 XRP is a security of Ripple.

11 (Thereupon, an informal discussion was
12 held off the record with the shorthand
13 reporter.)

14 BY MR. MOYE:

09:26 15 Q. Okay, and do you have any understanding --
16 even a general one -- about the defendants' position
17 specifically?

18 A. A general one, yes.

19 Q. What's that?

09:26 20 A. That XRP is not a security.

21 Q. Do you have any personal interest in the
22 resolution of that question or the outcome of this case?

23 A. No.

24 Q. Okay. Do you currently own any XRP?

09:26 25 A. I have several XRP wallets that have

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:26 1 essentially the minimum funding amount that is
2 essentially locked up and I have no access to.

3 So there would be, say -- let's say, four or five
4 XRP wallets that have [REDACTED] XRP in it that I am unable to
09:26 5 access.

6 Q. But four wallets is [REDACTED] -- you have [REDACTED] XRP?

7 A. Roughly.

8 (Thereupon, an informal discussion was
9 held off the record with the shorthand
09:27 10 reporter.)

11 BY MR. MOYE:

12 Q. Let's talk briefly about your educational
13 background.

14 A. Yes, sir.

09:27 15 Q. Did you go to college?

16 A. Yes, sir.

17 Q. Where did you go to college?

18 A. Columbia College.

19 Q. Did you get a degree?

09:27 20 A. Yes, sir.

21 Q. What did you study or what was the degree in?

22 A. The degree is a bachelor's in economics.

23 Q. Okay. Did you do any graduate study?

24 A. Yes, I did.

09:27 25 Q. Did you get any graduate degrees?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:27 1 A. I did.

2 Q. From where?

3 A. Carnegie Mellon.

4 Q. In what?

09:27 5 A. Computational -- master's of science and
6 computational finance.

7 Q. Okay. When did you get your undergraduate
8 degree?

9 A. December -- undergraduate degree in May of
09:27 10 1996.

11 Q. Okay. How about your graduate?

12 A. December of 2005.

13 Q. Okay. Do you have any other graduate or
14 advanced degrees?

09:27 15 A. No, sir.

16 Q. Have you done any other graduate or advanced
17 studies that did not result in a degree?

18 A. Yes.

19 Q. What was that?

09:28 20 A. I did a preparation course for my master's of
21 science, which was called a -- I got a certificate for a
22 quantitative studies for finance program from
23 Columbia College.

24 Q. When did you get that?

09:28 25 A. 2004.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:28 1 Q. Okay. Let's talk briefly about your
2 employment history. We will go into more details,
3 particularly with regard to Ripple, during the day.

4 Where are you employed right now?

09:28 5 A. GSR Services USA.

6 Q. And since when have you had that position?

7 A. Since December 21st, 2020.

8 Q. And what's your title?

9 A. Director of Operations Americas.

09:28 10 Q. Can you tell me generally what your
11 responsibilities are?

12 A. Generally, I do a little bit of a lot of
13 things. I do some trade operations. I do some --
14 working cross functionality with different groups. I've
09:29 15 done analysis. I've done strategy.

16 I manage some of the younger employees. I
17 currently manage internal operations for the ODL product
18 for GSR's market making.

19 (Thereupon, an informal discussion was
09:29 20 held off the record.)

21 BY MR. MOYE:

22 Q. Okay. Can you tell me generally what GSR
23 does? What kind of company it is?

24 A. GSR is a digital asset market maker.

09:29 25 Q. For someone who reads this record who does

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:29 1 not know what a market maker or what digital assets are,
2 is there any simpler way you can describe what GSR is?

3 A. GSR's primary mission is increasing the
4 liquidity for digital assets, whether they be for token
09:30 5 projects or for exchanges, but it is growing into
6 different areas of financial services for digital
7 assets.

8 Q. Okay. Where is your office for GSR? Do you
9 have an office that you work in for GSR?

09:30 10 A. I -- no, sir.

11 Q. You work from home?

12 A. Yes, I do.

13 Q. Okay. Does GSR have any offices in New York?

14 A. No.

09:30 15 Q. Does GSR have any offices in the
16 United States?

17 A. No.

18 Q. Where is GSR located?

19 A. GSR has several corporate entities. One in
09:30 20 the UK. One in Hong Kong. One in Singapore. We have a
21 couple entities in the United States.

22 Q. What are the entities in the United States
23 that GSR owns or operates?

24 A. There is GSR Services USA, LLC. There's GSR
09:31 25 USA, LLC. I am not familiar with the full corporate

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:31 1 structure.

2 Q. Okay. With that caveat, do you know where
3 those LLCs that you just mentioned, where they operate
4 from or where they are located?

09:31 5 A. GSR Services USA, LLC is a Wyoming entity.
6 There's a Delaware entity.

7 (Thereupon, an informal discussion was
8 held off the record with the shorthand
9 reporter.)

09:31 10 BY MR. MOYE:

11 Q. And are there employees within the
12 United States of GSR or those two LLCs that you
13 mentioned?

14 A. Yes, there are.

09:31 15 Q. And the people you manage? Are they, for the
16 most part, here in the United States?

17 A. Yes.

18 Q. Okay. Could you give me some estimate of the
19 people you work with for GSR here in the United States?

09:31 20 Are there five? 500? What's the number?

21 A. No, it's -- it's on the order of [REDACTED].

22 Q. Okay. Thank you.

23 Do you still have any -- in your currency job at
24 GSR, do you have any professional contacts with Ripple,
25 the defendant in this case?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:32 1 MR. HECKER: Objection to the form. But
2 you can answer.

3 BY MR. MOYE:

4 Q. Does GSR work with Ripple?

09:32 5 A. Yes.

6 Q. Okay. Doing what?

7 A. Servicing ODL.

8 Q. Okay. We're going to talk about ODL more in
9 a minute.

09:32 10 Do you maintain any personal friendships or
11 relationships with people that you worked with at
12 Ripple?

13 A. Yes.

14 Q. Who are you close to?

09:32 15 MR. HECKER: Objection to the form.

16 BY MR. MOYE:

17 Q. Who are you friends with at Ripple?

18 MS. ZORNBERG: Objection to the form.

19 BY MR. MOYE:

09:32 20 Q. You can answer.

21 A. [REDACTED]. There's [REDACTED] -- I actually
22 don't know how to pronounce his name all that well,
23 but -- [REDACTED] [REDACTED]. Still at
24 Ripple?

09:33 25 Q. Yes.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:33 1 (Thereupon, an informal discussion was
2 held off the record.)

3 THE WITNESS: I'm friendly with
4 [REDACTED]

09:33 5 BY MR. MOYE:

6 Q. Okay. What about Brad Garlinghouse or
7 Chris Larsen? Do you have personal or social
8 relationships with them?

9 A. No, sir.

09:33 10 Q. Okay. Where else have you worked, besides
11 Ripple and GSR?

12 A. I've worked at [REDACTED] out of
13 college. I've worked at a hedge fund called --
14 initially called [REDACTED]. Then it
09:33 15 was called [REDACTED]

16 Q. Okay. Stop there. One at a time, so we can
17 keep track.

18 A. Okay.

19 Q. Did you say, "[REDACTED]"?

09:34 20 A. Yes, sir.

21 Q. What did you do for them?

22 A. I was a registered representative and I
23 essentially traded NASDAQ equities.

24 Q. Okay. The next company you mentioned,
09:34 25 Oak Hill?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:34 1

A. [REDACTED]

2

Q. What did you do for [REDACTED]?

3

A. I managed -- I was on the Asian equities

4

team, essentially managing a long/short quant equity

09:34 5

portfolio and other Asian equities.

6

Q. How long did you work at [REDACTED] or during what

7

years? What period of time?

8

A. I started in December of 1996.

9

(Pause.)

09:34 10

BY MR. MOYE:

11

Q. Just general is fine.

12

A. Generally, two years, probably. Around.

13

Q. Okay. What about [REDACTED] How long did you

14

work there?

09:34 15

A. Also -- also around two years.

16

Q. From [REDACTED], where did you work?

17

A. I moved to a company called [REDACTED].

18

Q. And what did you do for [REDACTED]?

19

A. I worked on building high frequency equities

09:35 20

trading strategy on the Japanese equity markets.

21

Q. And how long did you work there?

22

A. I want to say about a year.

23

Q. Okay. After that, where did you work?

24

A. [REDACTED]

09:35 25

Q. And what did you do for [REDACTED]?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:35 1 A. I worked on high frequency foreign exchange
2 trading.

3 Q. For how long?

4 A. Close to -- close to four years.

09:35 5 Q. Okay. After [REDACTED] where did you work?

6 A. [REDACTED]

7 Q. And how long did you work at [REDACTED]?

8 A. Three years.

9 Q. What was your responsibility with [REDACTED] at
09:35 10 [REDACTED]?

11 A. Senior strategist.

12 Q. What is [REDACTED], or what does [REDACTED]
13 do?

14 A. [REDACTED] was a prop trading company.

09:35 15 Q. What does that mean in layman's terms, if you
16 can?

17 A. They traded their own capital and attempted
18 to increase that capital base through trading.

19 Q. Was [REDACTED] the last company you worked
09:36 20 for before joining Ripple?

21 A. Yes, sir.

22 Q. Okay. So we will spend more time on GSR,
23 Ripple, and [REDACTED] throughout the day.

24 I understand that you left [REDACTED] in order to
09:36 25 join Ripple; is that right?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:36 1 A. I resigned [REDACTED], not necessarily with
2 the intention to join Ripple.

3 Q. How much after -- how long after your
4 resignation did you join Ripple?

09:36 5 A. I resigned in March and I joined Ripple in
6 June.

7 Q. In June? Okay.

8 (Thereupon, an informal discussion was
9 held off the record with the shorthand
09:37 10 reporter.)

11 BY MR. MOYE:

12 Q. Just to clarify, when you left [REDACTED]
13 did you intend to join Ripple?

14 A. No.

09:37 15 Q. Okay. So how is it that you came to work for
16 Ripple? How did you hear about the opportunity? How
17 did you go about applying?

18 A. I resigned on a Friday, and on the
19 following -- two days later, Miguel Vias, who was head
09:37 20 of XRP markets at Ripple at the time, called me to gauge
21 my interest in working with him -- working for him at
22 Ripple.

23 Q. Why did you resign from [REDACTED]?

24 A. I was unhappy with my compensation.

09:37 25 Q. Did you have another job lined up? Sounds

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:37 1 like no.

2 A. I did not.

3 Q. Okay, and did Mr. Vias know of your intention
4 to resign, do you think, before you actually did the
09:37 5 deed?

6 MR. HECKER: Objection to the form of the
7 question.

8 MR. MOYE: Let me ask it again.

9 BY MR. MOYE:

09:37 10 Q. Did you tell Mr. Vias before you resigned
11 from [REDACTED] that that's what you intended to do?

12 A. No, I did not.

13 Q. Okay. So after Mr. Vias contacted you, what
14 was the next step in coming to work for Ripple?

09:38 15 (Pause.)

16 THE WITNESS: I -- I had a series of
17 interviews with Ripple.

18 BY MR. MOYE:

19 Q. Okay, and when did you receive your offer, do
09:38 20 you think?

21 A. Around May of 2017.

22 Q. And you joined in June; is that correct?

23 A. Yes, sir.

24 Q. What was your title when you joined Ripple?

09:38 25 A. Senior manager, XRP markets.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:38 1 Q. And can you remember what was your
2 compensation when you joined Ripple?

3 A. Roughly [REDACTED] per year in cash with
4 options to get up to [REDACTED].

09:39 5 Q. When you say, [REDACTED] " what did you
6 mean by [REDACTED]?"

7 A. [REDACTED]

8 Q. Okay, and when you joined Ripple, what were
9 your responsibilities?

09:39 10 You've already mentioned your title. So day to
11 day, what were you doing in your first -- in your first
12 months with Ripple?

13 A. My first months at Ripple, I primarily worked
14 on building out data analysis tools for the XRP markets.

09:39 15 Q. Did your responsibilities change over time?

16 A. Yes, sir.

17 Q. Can you describe that in a general way?

18 A. My -- my responsibilities moved towards
19 managing XRP programmatic sales, helping build out XRP
09:40 20 OTC trading, developing XRP lending programs from
21 Ripple.

22 Then to communicating internally about the markets,
23 helping develop the ODL liquidities scaling program,
24 managing ODL liquidity for Ripple.

09:40 25 Q. Okay. We're going to come back and spend

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:40 1 more time on each of these -- on some of these
2 responsibilities, but I want to find out, as best you
3 can recall, who you reported to or who -- who was your
4 supervisor during the different -- during your time at
09:41 5 Ripple?

6 A. Initially, Miguel Vias. Then Breanne
7 Madigan.

8 Q. Okay, and why did you leave Ripple?
9 (Pause.)

09:41 10 THE WITNESS: I grew increasingly
11 frustrated with -- I grew increasingly
12 frustrated largely because I grew increasingly
13 cynical about the prospects of success for the
14 company and the lack of growth in my role.

09:41 15 BY MR. MOYE:

16 Q. Were there personal issues, or was it more
17 strategic, what you were describing?

18 MR. HECKER: Objection to form.
19 Compound.

09:42 20 BY MR. MOYE:

21 Q. Let me ask: Did you have personal problems
22 with anyone at Ripple?

23 MR. HECKER: Objection to the form.

24 BY MR. MOYE:

09:42 25 Q. You can answer.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:42 1 (Pause.)

2 THE WITNESS: There were a few people I
3 don't think I had great working relationships
4 with.

09:42 5 BY MR. MOYE:

6 Q. Okay. What was your relationship like with
7 Ms. Madigan?

8 A. I think we were able to work well together.

9 Q. Did you have --

09:42 10 Was your work being criticized or unfairly --
11 unfairly represented, in your mind?

12 MR. HECKER: Objection.

13 MS. ZORNBERG: Objection to form.

14 BY MR. MOYE:

09:43 15 Q. If you understand what I was asking you, you
16 can answer.

17 A. Perhaps rephrase the question.

18 Q. Did anyone tell you your work is not
19 acceptable, your analysis isn't good, or "I disagree
09:43 20 with your conclusions"?

21 MR. HECKER: Objection, but you can
22 answer.

23 THE WITNESS: Not to my recollection.

24 BY MR. MOYE:

09:43 25 Q. Okay. When you said before you were

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:43 1 concerned about "the prospects of success of the
2 company," could you elaborate on that, please? What did
3 you mean?

4 A. I don't believe that the architecture of the
09:43 5 ODL is ... has been designed in such a way that it is
6 scalable.

7 (Thereupon, an informal discussion was
8 held off the record.)

9 BY MR. MOYE:

09:43 10 Q. Scalable? And what do you mean by the term
11 "scalable"?

12 A. Capable of growing like a network should
13 grow, I guess.

14 Q. Do you think it was --

09:44 15 When you left the company, did you think it was
16 capable of doing what the company hoped it would do?

17 A. Can you define "what the company hoped it
18 would do"?

19 Q. Maybe not. I was trying to rephrase "What's
09:44 20 scalable?" You didn't think it was be intended by use
21 by the company; is that fair?

22 MR. HECKER: Objection to form.

23 MS. ZORNBERG: Objection.

24 THE WITNESS: No.

25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:44 1 BY MR. MOYE:

2 Q. What did you mean by you "didn't think it
3 could grow"?

4 MR. HECKER: Objection.

09:44 5 MS. ZORNBERG: I don't think he used the
6 word grow in that way. He used "lack of
7 growth" for his role.

8 BY MR. MOYE:

9 Q. Tell me again what you saw as a problem with
09:45 10 the ODL product.

11 MR. HECKER: Objection to form. You can
12 answer.

13 THE WITNESS: ODL primarily partners with
14 digital asset exchanges in decimation currency
09:45 15 countries, such as Mexico and the Philippines.
16 Typically, these exchanges are not -- they
17 have relatively poor technology. They have
18 relatively poor support.

19 I don't believe they're institutionally
09:45 20 sound. There's a wide -- you know, range of
21 APIs that you have to connect to. So
22 ultimately, I believe they were partnering
23 with low-quality exchanges across the global
24 because those were available digital asset
09:46 25 exchanges, I found it hard to believe that it

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:46 1 could gain a significant institutional
2 customer base.

3 BY MR. MOYE:

4 Q. Thank you.

09:46 5 When you said you were concerned or cynical about
6 your prospects of the success of the company, what did
7 you mean by that?

8 A. I had a relatively low title at Ripple. I
9 didn't see prospects for any sort of advancement.

09:46 10 Q. What about your compensation? Were you
11 satisfied with your compensation?

12 A. No.

13 Q. When you left Ripple, what were you making,
14 approximately?

09:46 15 A. Maybe roughly \$ [REDACTED] a year.

16 (Thereupon, an informal discussion was
17 held off the record.)

18 BY MR. MOYE:

19 Q. Okay, and in terms of bonuses or equity, were
09:47 20 you still getting that form of compensation in the same
21 way you described when you joined?

22 MR. HECKER: Objection to form.

23 MR. MOYE: I know, that was bad. Let me
24 try again.

25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:47 1 BY MR. MOYE:

2 Q. What kind of bonuses or equity compensation
3 were you receiving or able to receive when you left?

4 A. There were -- there were bonuses [REDACTED].

09:47 5 [REDACTED].

6 Q. Did you let any supervisors know you were
7 unhappy with your opportunities for advancement?

8 A. Breanne Madigan.

9 Q. Okay, and what was her response or reaction?

09:47 10 (Pause.)

11 THE WITNESS: She expressed
12 disappointment that I felt that way and she --
13 she gave me some guidelines in case I wanted
14 to advance my career at Ripple, some steps I
09:48 15 should improve on.

16 BY MR. MOYE:

17 Q. Did you have any sense that Ms. Madigan or
18 anyone at Ripple would prefer that you leave? Did they
19 take any steps to force you out?

09:48 20 A. Not to my knowledge.

21 Q. Okay. Did you let anyone else at Ripple know
22 you were considering leaving before you actually left?

23 (Pause.)

24 THE WITNESS: I don't recall.

25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:48 1 BY MR. MOYE:

2 Q. Did you tell Mr. Vias that you were -- let me
3 rephrase that.

4 Was Mr. Vias still at Ripple when you left?

09:49 5 A. No, sir.

6 Q. Did you tell Mr. Vias, or any other person
7 you worked with personally, that you were considering
8 leaving Ripple?

9 MS. ZORNBERG: Objection to the form.

09:49 10 BY MR. MOYE:

11 Q. You can answer.

12 A. Yes.

13 Q. Did anyone who had previously worked for
14 Ripple encourage you either to stay or to leave?

09:49 15 (Pause.)

16 THE WITNESS: I don't remember.

17 BY MR. MOYE:

18 Q. Are you familiar with Ripple's product XRP?

19 MS. ZORNBERG: Objection.

09:49 20 MR. MOYE: Try again.

21 BY MR. MOYE:

22 Q. Are you familiar with the product XRP?

23 MS. ZORNBERG: Objection.

24 MR. MOYE: What's the objection, Lisa?

09:50 25 MS. ZORNBERG: XRP is a digital asset. I

41

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:50 1 don't know that you can call it a product.

2 MR. MOYE: Well --

3 MS. ZORNBERG: You can answer the
4 question.

09:50 5 MR. MOYE: If the witness disagrees with
6 me --

7 MS. ZORNBERG: That's fine.

8 BY MR. MOYE:

9 Q. Are you familiar with the product XRP?

09:50 10 MS. ZORNBERG: Objection.

11 THE WITNESS: I'm familiar with XRP.

12 BY MR. MOYE:

13 Q. What is XRP?

14 A. It is a digital asset.

09:50 15 Q. Whose digital asset is it? Who is the
16 sponsor or originator or who launched XRP?

17 MR. HECKER: Objection to the form of
18 that question.

19 MS. ZORNBERG: Objection to form.

09:50 20 BY MR. MOYE:

21 Q. You can answer.

22 A. My understanding that a -- it was -- it was
23 developed by Arthur Britto and David Schwartz.

24 Q. Okay, and currently, which company has the
09:50 25 greatest interest in the success of XRP?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:50 1 MR. HECKER: Objection to the form of the
2 question.

3 THE WITNESS: My understanding is that
4 it's Ripple.

09:50 5 BY MR. MOYE:

6 Q. Okay. What does Ripple do with XRP, or what
7 is Ripple's relationship with XRP? How does it use it?

8 A. Ripple uses XRP in its cross-border product,
9 ODL.

09:51 10 (Thereupon, an informal discussion was
11 held off the record with the shorthand
12 reporter.)

13 BY MR. MOYE:

14 Q. Again, we will be more specific later, but
09:51 15 generally how does it use XRP in the ODL product?

16 A. In ODL, a payment institution will deposit
17 fiat in one digital asset exchange, then Ripple uses XRP
18 to facilitate a cross-border movement in value using XRP
19 almost like a container ship. So on the origination
09:51 20 exchange in ODL, the payment providers would essentially
21 sell -- put a sell order -- a buy order for XRP for the
22 amount that they wish to move.

23 For XRP, they move XRP cross ledger to the adverse
24 held by a destination exchange, and at the destination
09:52 25 exchange, there would be API called to sell that XRP for

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:52 1 the fiat of that local exchange. It's moving value
2 cross-border without the use of the corresponding
3 banking network.

4 (Thereupon, an informal discussion was
09:52 5 held off the record.)

6 BY MR. MOYE:

7 Q. Does Ripple sell any XRP?

8 A. I don't know what Ripple does now with XRP.

9 Q. Do you know if Ripple has ever sold XRP?

09:52 10 A. Yes, Ripple has sold XRP.

11 Q. Okay. Does Ripple promote the use of XRP?

12 MR. HECKER: Objection to form.

13 BY MR. MOYE:

14 Q. You can answer.

09:53 15 (Pause.)

16 THE WITNESS: Not to my knowledge.

17 BY MR. MOYE:

18 Q. Does Ripple encourage market participants to
19 use XRP for the type of cross-border transactions you
09:53 20 were just describing?

21 A. I don't believe so.

22 Q. When you worked at Ripple, did Ripple sell
23 XRP?

24 A. Yes.

09:53 25 Q. Who did Ripple sell XRP to?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:53 1 (Pause.)

2 BY MR. MOYE:

3 Q. To your knowledge?

4 A. Okay. Ripple sold XRP to -- on open order
09:53 5 exchanges through market makers. Ripple sold to OTC
6 brokers. Ripple sold XRP to [REDACTED] Ripple sold XRP to
7 [REDACTED].

8 (Thereupon, an informal discussion was
9 held off the record.)

09:54 10 BY MR. MOYE:

11 Q. Okay. We're going to spend more time on
12 this, but just so I understand what you said, let's talk
13 about how Ripple made some of the sales.

14 Are you familiar with the term "programmatic sales"
09:54 15 with your time at Ripple?

16 A. Yes, sir.

17 Q. What does that term mean to you?

18 A. Ripple used market makers such as GSR, [REDACTED],
19 [REDACTED] to use algorithms to sell XRP across global
09:54 20 digital asset exchanges.

21 Q. And for those programmatic sales, who was
22 buying the XRP from Ripple?

23 A. I don't know.

24 Q. Do you have any sense of the type of market
09:55 25 participants they were?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:55 1 A. Retail speculators.

2 Q. Okay. Are you familiar with the term "OTC
3 sales" from your time at Ripple?

4 A. Yes, sir.

09:55 5 Q. What does that term mean to you?

6 A. OTC sales were sales of XRP to typically
7 digital asset OTC brokers.

8 Q. And OTC, does that mean over the counter?

9 A. Over the counter.

09:55 10 Q. That's a particular way of selling an asset?

11 A. That's correct.

12 Q. Okay. Please continue. What does that term
13 mean?

14 A. So in the case of -- let's use an example
09:55 15 like [REDACTED]

16 As an OTC partner of XRP II, once a master purchase
17 agreement was in place, if [REDACTED] had
18 interest in XRP for a certain size, they would contact
19 the markets team, ask for a price for that size of XRP,
09:56 20 and if a price was agreed upon and confirmed, there
21 would be a transaction.

22 Q. Thank you.

23 And these OTC sales you were describing, what --
24 what is the type of individual or entity that would be
09:56 25 buying the XRP from Ripple?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:56 1 A. In these cases, largely digital asset OTC
2 brokers.

3 Q. Okay. For these programmatic sales and OTC
4 sales, did a higher sale price benefit Ripple, as you
09:57 5 understood the transactions?

6 A. Yes.

7 Q. During the time you were at Ripple, do you
8 have any sense or understanding of how much of Ripple's
9 revenues came from XRP sales?

09:57 10 A. Yes. In terms of magnitude.

11 Q. Was that the majority?

12 A. I don't know other sources of income from --

13 Q. So as far as you knew, it was -- it could
14 have been 100 percent of Ripple's revenues.

09:57 15 MR. HECKER: Objection.

16 MS. ZORNBERG: Objection to the form of
17 the question.

18 BY MR. MOYE:

19 Q. As you understood it?

09:57 20 A. As far as I know.

21 Q. Okay. Did you have any understanding of why
22 digital asset brokers you described were buying XRP or
23 what they intended to do with XRP when you bought it
24 from Ripple?

09:58 25 A. No, sir.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:58 1 Q. No idea at all?

2 A. No.

3 Q. Did you ever hear that they were buying it
4 for speculative investors?

09:58 5 A. No.

6 Q. We've talked a couple of times about ODL.
7 Are you familiar with ODL?

8 A. Yes, sir.

9 Q. Can you tell me generally what ODL is and
09:58 10 what the O, D, and L stand for?

11 A. On demand liquidity.

12 Q. Okay.

13 A. Again, ODL was Ripple's cross-border product
14 attempting to move value from one country to another,
09:58 15 from one fiat currency to another fiat currency, using
16 XRP as the bridge.

17 (Thereupon, a six-page e-mail chain dated
18 1/12/20, from [REDACTED] to [REDACTED] et
19 al., Bates Nos. RPLI_SEC 0504285 through
09:59 20 0504290, was introduced as DS Exhibit 20 for
21 identification.)

22 BY MR. MOYE:

23 Q. Okay. I would like to take a look at a
24 document, now. I would like to show you what's been
09:59 25 marked as DS Exhibit 20.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:59 1 The "DS" is your initials, and the 20 is the
2 numbers for the exhibits we're going to look at in this
3 deposition.

4 (Thereupon, an informal discussion was
09:59 5 held off the record.)

6 MR. MOYE: I just need to say something
7 for the record right now. What's been marked
8 as DS Exhibit 20 --

9 BY MR. MOYE:

09:59 10 Q. Do you recognize that as an e-mail message
11 from [REDACTED] at Ripple, dated January 12th, 2020
12 to [REDACTED] with subject line "Trade Data - jump
13 follow up."

14 A. That's what -- yes.

10:00 15 Q. Okay. Why don't you take a moment, and I'm
16 going to direct -- when I ask you questions, I am going
17 to direct you to some information that begins on page 3.

18 (Thereupon, an informal discussion was
19 held off the record.)

10:01 20 (Pause.)

21 BY MR. MOYE:

22 Q. Let me know when you're ready.

23 A. I think I'm ready.

24 Q. Okay. Do you recognize DS Exhibit 20 as a
10:02 25 chain of e-mails -- a whole chain of e-mails which

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:02 1 included you, which you received between January 10th
2 and January 12th, 2020?

3 MR. HECKER: Objection to the form of the
4 question. Unless I am misunderstanding, it
10:02 5 looks like he's only on the top e-mail. Am I
6 wrong about that?

7 MR. MOYE: Fair point.

8 BY MR. MOYE:

9 Q. This is a chain of e-mails extending over a
10:02 10 couple days. You received the top e-mail; is that
11 correct?

12 A. Yes.

13 Q. Okay. So with that caveat, I would like to
14 direct your attention to page 3, where [REDACTED] of
10:03 15 Ripple begins to describe a transaction, and the
16 paragraph says:

17 "Probably easier to go through the life cycle of an
18 ODL payment here."

19 Do you see that?

10:03 20 A. Yes.

21 Q. Okay. Basically, what I want to find out is
22 if you agree or disagree the way that [REDACTED] is
23 describing this transaction.

24 So could you look at the first paragraph? Do you
10:03 25 agree with what [REDACTED] describes in the first

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:03 1 paragraph?

2 A. "First paragraph" meaning "MoneyGram wants to
3 initiate a payment"?

4 Q. Yes. Do you think MoneyGram is a fair
10:03 5 example to use to describe --

6 A. Yes, it is.

7 Q. -- an ODL transaction?

8 Okay. Next paragraph. Do you agree with what he
9 says in the next paragraph?

10:03 10 MS. ZORNBERG: Can you clarify which
11 paragraph, please?

12 (Thereupon, an informal discussion was
13 held off the record.)

14 BY MR. MOYE:

10:03 15 Q. Yes, "MoneyGram uses the ODL software"?

16 MR. HECKER: Sorry. I apologize. The
17 first paragraph starts "Probably easier" and
18 the second starts "MoneyGram wants to
19 initiate."

10:04 20 MR. MOYE: I think we jumped ahead.

21 MR. HECKER: Okay.

22 BY MR. MOYE:

23 Q. I think the first paragraph sets up the
24 example and then talks about MoneyGram, so let's look at
10:04 25 the final two paragraphs on this page, where he talks

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:04 1 about how MoneyGram is using the ODL.

2 Do you agree with how [REDACTED] is describing a
3 typical ODL transaction with MoneyGram as he describes
4 in this transaction?

10:04 5 A. To the best of my recollection.

6 Q. Okay. Anything in there that you think is
7 inaccurate?

8 MR. HECKER: I am going to object to the
9 form of the question. It's a hypothetical, so
10:04 10 I'm not sure how to agree or disagree with the
11 description. But if you understand the
12 question, you're welcome to answer.

13 THE WITNESS: Yeah, I should give you a
14 caveat. My role here was on the liquidity
10:04 15 side --

16 BY MR. MOYE:

17 Q. Yeah.

18 A. -- not the product side. So almost two sides
19 of the coin. The product team would be responsible for
10:05 20 how the product or how the customer experienced the --
21 the order flow. So my job was more the flip side in
22 terms of ensuring liquidity was available on the order
23 books, my -- so my -- I'm not an expert on the product
24 side.

10:05 25 Q. Okay. You're not an expert on all the

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:05 1 details.

2 As far as you understood, was there anything in
3 what you reviewed so far that you thought was an
4 accurate description of the process, as you understood?

10:05 5 A. No, sir.

6 Q. Okay. So let me ask you some more general
7 hypothetical, and feel free to refer to DS Exhibit 20 on
8 page 3 and continuing on to page 4, if you find that
9 helpful. Okay?

10:05 10 In this hypothetical that [REDACTED] is describing,
11 would it be fair to say the first step in an ODL
12 transaction is that MoneyGram would initiate a payment
13 using SDL -- it's using ODL -- and sends U.S. dollars
14 from a bank to a digital asset exchange?

10:06 15 A. No.

16 Q. Okay. What is the first step, as you
17 understand?

18 A. MoneyGram needs to fund the origination
19 account with U.S. dollars.

10:06 20 Q. Okay. Would MoneyGram use ODL software to
21 get a quote that they can accept or reject?

22 A. To my understanding.

23 Q. Okay. Would ODL use U.S. dollars in a
24 MoneyGram account to purchase XRP?

10:06 25 (Pause.)

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:06 1 THE WITNESS: To my understanding.

2 BY MR. MOYE:

3 Q. Would ODL be used in terms of paying exchange
4 of trading fee and a spread?

10:07 5 A. The exchange would receive a fee through the
6 execution of the orders.

7 Q. Okay, and then would the XRP be transferred
8 on the ledger from the sending exchange to the receiving
9 exchange?

10:07 10 A. XRP would move from one wallet address on the
11 XRP Ledger to another wallet address on XRP Ledger.

12 Q. And in the next wallet, would XRP be sold on
13 the receiving exchange or by the receiving exchange?

14 A. XRP would be sold on the -- open order book
10:07 15 on the destination exchange.

16 (Thereupon, an informal discussion was
17 held off the record.)

18 BY MR. MOYE:

19 Q. Would MoneyGram pay the receiving exchange a
10:07 20 trading fee and a spread?

21 A. To my understanding.

22 Q. And when the ODL product detects that a trade
23 is complete, what would move from the receiving exchange
24 and how would it move?

10:08 25 A. My understanding is there would be a payout

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:08 1 to the recipient's account using the SPEI network in
2 Mexico.

3 Q. What is the SPEI network?

4 A. I -- I'm not an expert on that. I'm sorry.

10:08 5 Q. Is it a local payment network?

6 A. Yes, sir.

7 Q. Could it be described as local rails?

8 A. Yes.

9 Q. So would local rails be used to get the
10:08 10 currency to -- or the value to the end recipient?

11 A. That is my understanding.

12 Q. Okay. So just a clarification, in what form
13 is ODL being used for this transaction? Is ODL the way
14 that this transaction takes place or is ODL a form of --
10:09 15 maybe you can say it better.

16 What is the essence of ODL's use for this exchange?
17 I mean, why is it necessary?

18 MR. HECKER: Objection to form.

19 MS. ZORNBERG: Objection.

10:09 20 BY MR. MOYE:

21 Q. If you understand it, you can answer.

22 A. ODL coordinates the APIs on the origination
23 exchange, the XRP Ledger, the destination exchange, and
24 the local payout rails.

10:09 25 Q. And when you say "API," what do you mean by

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:09 1 "API"?

2 A. It's a computer's way of interfacing with the
3 order books of each exchange.

4 Q. Okay. All right. Let's leave Exhibit 20 for
10:10 5 now and let's address briefly another topic before we
6 mark some more exhibits.

7 You've used the term "market maker" a number of
8 times, and I think I have as well. As you understand
9 it, what does that term mean?

10:10 10 A. As I understand, a market maker provides a
11 two-sided quote on a given market for a large portion of
12 a trading day.

13 (Thereupon, an informal discussion was
14 held off the record.)

10:10 15 BY MR. MOYE:

16 Q. Would it be correct to say market maker buys
17 and sells stock continuously on the basis of prices that
18 are publicly quoted?

19 MR. HECKER: Objection to form.

10:11 20 MS. ZORNBERG: Objection, and object to
21 the term "stock."

22 MR. MOYE: Fair point.

23 BY MR. MOYE:

24 Q. Do you think market maker is a firm that both
10:11 25 buys and sells assets on a continuous bases at publicly

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:11 1 quoted prices?

2 A. Doesn't necessarily have to be a firm, but
3 sure.

4 Q. Okay. How does a market maker make a profit?

10:11 5 A. A market maker attempts to leverage its
6 connectivity. So let's say they are -- in a
7 hypothetical example, a market maker would essentially
8 provide a buy price at which they believe they could
9 sell -- if executed at that price -- at a higher price.

10:11 10 Whether that is through a prediction model, whether
11 that is through leveraging its connectivity to other
12 exchanges, but they -- they attempt to typically make
13 the spread between their buy quote and their sell quote.

14 Q. Is the spread the difference between the bid
10:12 15 and the ask or the buy quote and sell quote?

16 A. Yes.

17 Q. Okay, and is that how the market maker makes
18 a profit on the difference between the bid and the ask?

19 A. In general. The -- the timing is not
10:12 20 necessarily same. So you can -- let's say you can
21 execute on the data time T, your quote -- ask quote is
22 that time T, but that's not necessarily the profit
23 you're making. Your profit is T plus X. When you're --
24 either the profit or loss that you're making is
10:12 25 dependent on the sale at T plus X that you actually exit

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:12 1 the position.

2 Q. Okay. Thanks for that clarification.

3 Which market makers does -- has Ripple deal with,
4 to the best of your knowledge?

10:13 5 A. In what capacity?

6 Q. Well, you worked for [REDACTED], you worked
7 for Ripple and you worked for GSR.

8 A. Yes.

9 Q. You've already identified [REDACTED] and GSR,
10:13 10 I believe, as market makers; is that correct?

11 A. That's correct.

12 Q. What other market makers are you aware of
13 that Ripple has transacted with or dealt with?

14 A. [REDACTED] -

10:13 15 (Thereupon, an informal discussion was
16 held off the record.)

17 THE WITNESS: -- [REDACTED]

18 Those are some off the top of my head.

19 BY MR. MOYE:

10:14 20 Q. Okay. Would it be fair to say you learned
21 about most of these market makers that Ripple dealt with
22 through your work at Ripple?

23 A. [REDACTED] I was aware of before joining Ripple,
24 but the rest of them, yes.

10:14 25 Q. Okay. To the best of your knowledge, did

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:14 1 Ripple ever ask market makers to restrict sales of XRP
2 to certain categories of individual, for example, to
3 banks or to non-US persons or to non-speculators?

4 A. Not to my knowledge.

10:15 5 Q. Are you aware of any restrictions that Ripple
6 asked market makers to impose to the sale of XRP?

7 A. Within programmatic liquidation of XRP, we
8 asked our liquidation partners to follow certain
9 restrictions on the percentage of daily volume,
10:15 10 traded -- that were reported on XRP volume.

11 Q. But did those restrictions have to do with
12 volume only or were they restricted by the
13 characteristics of the buyers?

14 MR. HECKER: Objection to the form of the
10:15 15 question.

16 BY MR. MOYE:

17 Q. You can answer.

18 A. I am unaware of characteristics of the
19 buyers.

10:15 20 Q. For example --

21 (Thereupon, an informal discussion was
22 held off the record.)

23 BY MR. MOYE:

24 Q. You weren't aware of Ripple ever asking its
10:15 25 market makers not to sell to non-US persons, right?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:16 1 A. Not to my knowledge.

2 Q. Not to sell to speculators, correct?

3 MR. HECKER: Objection to the form of the
4 question.

10:16 5 THE WITNESS: Not to my knowledge.

6 BY MR. MOYE:

7 Q. Okay. Do you know if market makers ever sold
8 XRP to individuals or firms whose identities were
9 unknown or shielded in some way?

10:16 10 MS. ZORNBERG: Object to form.

11 MR. HECKER: Objection to the form of the
12 question.

13 BY MR. MOYE:

14 Q. You can answer.

10:16 15 A. Not to my recollection.

16 Q. Did Ripple ever ask market makers, to the
17 best of your knowledge, to impose any resale
18 restrictions on anyone it was selling XRP to?

19 A. Not to my recollection.

10:16 20 Q. To the best of your knowledge, did Ripple
21 direct market makers to monitor the daily price and
22 volume of XRP?

23 (Pause.)

24 THE WITNESS: I'm not sure.

25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:17 1 BY MR. MOYE:

2 Q. To the best --

3 Are you aware of Ripple ever giving instructions to
4 market makers about when to buy XRP?

10:17 5 A. When to?

6 Q. When to purchase or not purchase XRP?

7 A. Towards the -- towards the end of my
8 employment of -- at Ripple, Ripple started a buyback
9 program of XRP. We instructed them to -- we instructed
10:17 10 GSR, who was conducting the buybacks of XRP, to start
11 and stop.

12 Q. How about other market makers? Did Ripple
13 ever instruct [REDACTED] when to buy XRP or how much to
14 buy XRP?

10:18 15 A. Not to my recollection.

16 Q. How about in sales? Did Ripple ever give
17 instructions to market makers about how much XRP to
18 sell?

19 A. Yes.

10:18 20 Q. Did that occur when you were at [REDACTED]?

21 A. Not to my recollection.

22 Q. Okay. These restrictions --

23 These sales restrictions that you were aware of --
24 did the market makers generally follow Ripple's
10:18 25 instructions?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:18 1 A. Yes.

2 Q. Why would Ripple give market makers
3 instructions about when or how much XRP to sell or to
4 buy?

10:19 5 A. Ripple provided a target percentage of daily
6 volume for market makers to liquidate. The idea was
7 that if the percentage of traded volume was low enough,
8 it would have relatively low or minimal market impact.

9 Q. By "market impact," do you mean impact on the
10:19 10 price?

11 A. Partially.

12 (Thereupon, an informal discussion was
13 held off the record.)

14 BY MR. MOYE:

10:19 15 Q. What else would it impact?

16 A. Liquidity.

17 Q. To the best of your knowledge, were any
18 Ripple's instructions to market makers done with the
19 intention of encouraging speculative investment in XRP?

10:20 20 A. Repeat the question.

21 MS. ZORNBERG: Object to form.

22 BY MR. MOYE:

23 Q. To the best of your knowledge, were any of
24 Ripple's instructions to market makers to sell or buy
10:20 25 XRP done to encourage speculative investment?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:20 1 A. Not to my knowledge.

2 Q. As you understood or viewed those
3 instructions, did any of those instructions have the
4 effect of encouraging speculative investors?

10:20 5 MR. HECKER: Objection to the form of the
6 question.

7 THE WITNESS: Not to my understanding.

8 BY MR. MOYE:

9 Q. Okay. A few minutes ago, you used the term
10:20 10 "liquidity." You may have used it before. I'm sorry.
11 But let's talk about liquidity, okay?

12 A. Yes, sir.

13 Q. What's your understanding of the meaning of
14 the term "liquidity" in the context of the market for a
10:20 15 particular asset?

16 A. Essentially how easily -- easy and available
17 a quote is for any given size for that particular asset
18 to buy or sell.

19 Q. If a market is liquid, does it mean there are
10:21 20 ready and willing buyers and sellers?

21 A. Yes.

22 Q. Okay. Does liquidity mean there are more
23 sale orders than buy orders?

24 A. Not to my understanding.

10:21 25 Q. Does liquidity measure the ease or

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:21 1 convenience of buying or selling an asset?

2 A. That is my understanding.

3 Q. Is liquidity affected by price?

4 A. I believe so.

10:21 5 Q. Generally, how would liquidity be affected by
6 price?

7 A. Well, let's say -- let's say an asset is
8 going to zero, an asset going to zero --

9 Q. You mean -- excuse me, you mean price?

10:22 10 A. Yes. Let's say an asset whose price is
11 monotonically decreasing to zero, that would be an
12 indication that there is less and less interest in an
13 asset. Less and less interest would typically mean
14 lower liquidity.

10:22 15 Q. What if the price is increasing
16 significantly, does that make a market less liquid or
17 illiquid, in your experience?

18 MR. HECKER: Objection to the form.

19 THE WITNESS: I don't think necessarily.

20 MR. MOYE: Okay. Let me flip the
21 question, then.

22 BY MR. MOYE:

23 Q. If there is a problem with liquidity, if
24 there's less liquidity regarding an asset, in your
10:22 25 experience, does that mean the price is high or low?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:22 1 MR. HECKER: Objection to form,
2 foundation.

3 BY MR. MOYE:

4 Q. If you can answer.

10:23 5 A. I'm not sure that I can answer.

6 Q. Let me try it this way:

7 If the market for an asset has greater liquidity,
8 how might that affect the price?

9 A. I don't think it's a direct correlation.

10:23 10 Q. Is there any kind of correlation between
11 liquidity and price, in your experience?

12 MR. HECKER: Objection to form.

13 BY MR. MOYE:

14 Q. You can answer.

10:23 15 A. I think if you extend my -- my initial
16 example, if an asset is going to -- if an asset's price
17 is going to zero, it's indicating lower and lower
18 interest in that asset.

19 If a price is increasing over time, not necessarily
10:24 20 at any given time, that typically means a greater
21 interest in that asset and you can see higher liquidity
22 for that asset.

23 Q. All right. Let's be more -- a little more
24 definitive. When you were at Ripple, did you have any
10:24 25 responsibility for monitoring the price of XRP?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:24 1 A. I monitored a large number of quantitative
2 metrics.

3 Q. Yeah. You monitored a lot. I understand
4 that. Let's pick out price.

10:24 5 A. Yes.

6 Q. Among the things you did at Ripple, did you
7 have responsibility for monitoring the price of XRP?

8 A. I certainly included price in a number -- in
9 most analyses that I produced.

10:24 10 Q. As part of your analysis?

11 A. Some -- some analysis, yes.

12 MR. HECKER: Wait.

13 THE WITNESS: Yeah. My mistake. I'm
14 sorry.

10:24 15 MR. HECKER: Just -- you need to wait for
16 him to finish his question and then he will do
17 the same.

18 MR. MOYE: I need to wait as well. Let's
19 try this again.

10:25 20 BY MR. MOYE:

21 Q. As part of your analysis of XRP while you
22 were at Ripple, what, if anything, did you compare XRP's
23 price to?

24 (Pause.)

10:25 25 THE WITNESS: I looked at the ratio of

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:25 1 XRP to be BTC's price.

2 BY MR. MOYE:

3 Q. BTC is Bitcoin?

4 A. Yes.

10:25 5 Q. And when you say you "looked at the ratio,"
6 what were you looking at and how were you comparing
7 them?

8 A. The ratio of XRP to Bitcoin essentially tells
9 you how many XRP you could exchange for one Bitcoin or
10:26 10 vice -- vice versa.

11 Q. Okay. Bitcoin typically have a higher price
12 than XRP?

13 A. Yes, sir.

14 Q. Much higher?

10:26 15 A. Yes.

16 Q. Okay, and was there a particular period of
17 time that you were comparing XRP to Bitcoin, or was that
18 one of your constant comparisons in your analysis?

19 A. I believe that was a metric I used for --
10:26 20 consistently through my time at Ripple.

21 Q. Okay, and just to clarify, in doing these
22 comparison or your data analysis at Ripple, you were
23 doing this with the intention to report to or contribute
24 to Ripple's understanding, correct? You weren't doing
10:26 25 this analysis to keep it to yourself?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:26 1 MS. ZORNBERG: Objection to form.

2 MR. HECKER: Objection to the form of the
3 question.

4 MR. MOYE: I can try again.

10:26 5 BY MR. MOYE:

6 Q. As part of your analysis, including the
7 comparison of price of XRP to Bitcoin, this analysis was
8 passed along or shared with other people at Ripple,
9 correct?

10:27 10 A. That's correct.

11 Q. Okay. Did you have any responsibility at
12 Ripple, as part of your analysis, for monitoring the
13 market liquidity for XRP?

14 A. Yes.

10:27 15 Q. Okay, and what did you look at or how did you
16 do that analysis, typically?

17 A. Typically, looking at volume -- reported
18 volumes by exchange, by geographies.

19 Q. And did you compare XRP to any other product
10:27 20 or to any other standard in analyzing market liquidity?

21 A. Yes.

22 Q. What were you comparing it to?

23 A. Again, we looked at the liquidity of XRP, the
24 volumes traded and the volumes reported traded by XRP,
10:27 25 the volumes traded on Bitcoin.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:27 1 (Thereupon, an informal discussion was
2 held off the record.)

3 BY MS. ZORNBERG:

4 Q. And would I be correct that you would use
10:28 5 this -- you would use these same comparisons or same
6 standard of comparisons during your whole time you were
7 at Ripple for your analysis?

8 A. Yes, sir.

9 Q. And who would you share your analysis with
10:28 10 typically or who would you send up or report your
11 analysis to?

12 A. There was a stretch of time I would produce a
13 daily market snapshot on the digital asset markets. I
14 would produce weekly -- you know.

10:28 15 I would contribute to the weekly XRP markets
16 presentation at the sales meeting every week and ad hoc
17 market analyses.

18 Q. Who was part of the weekly sales meeting that
19 you mentioned?

10:29 20 A. Ripple GC was there.

21 Q. Who -- what's Ripple GC?

22 MS. ZORNBERG: It's okay. It's not
23 privileged to say in your experience over time
24 who attended, but you should not get into the
10:29 25 content of what was discussed.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:29 1 THE WITNESS: In general?

2 BY MR. MOYE:

3 Q. Uh-huh.

4 A. Regular attendees were Brad Garlinghouse,
10:29 5 Chris Larsen, the CFO, the GC.

6 Q. General counsel?

7 A. Yes, sir.

8 Q. "CFO" is chief financial officer?

9 A. Yes, sir.

10:29 10 Q. Who was that?

11 A. For a good portion of my time at Ripple,
12 Ron Will.

13 Q. Ron Will? Okay. Who else?

14 A. The head of the markets team, so either
10:29 15 Miguel Vias or Breanne Madigan.

16 Q. Okay.

17 A. The -- towards the last, probably, year of my
18 employment at Ripple I was no longer in that meeting,
19 but my understanding is that that group had grown.

10:30 20 Q. Okay.

21 MR. HECKER: When you reach a convenient
22 break point, could we take a quick break?

23 MR. MOYE: Yeah. Why don't we take a
24 quick 10-minute break now?

10:30 25 MR. HECKER: Great.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:30 1 (Thereupon, an informal discussion was
2 held off the record.)

3 THE VIDEOGRAPHER: This will conclude
4 Video No. 1 in the deposition of
10:30 5 Dinuka Samarasinghe.

6 We are off the record at 10:30 a.m. on
7 June 9, 2021.

8 (Recess taken at 10:30 a.m.)

9 (Resumed at 10:47 a.m.)

10:47 10 THE VIDEOGRAPHER: This is the beginning
11 of Video No. 2 in this deposition. We are on
12 the record at 10:47 a.m., June 9th, 2021.

13 BY MR. MOYE:

14 Q. Mr. Samarasinghe, in your work at Ripple, did
10:47 15 you have any responsibility for monitoring the
16 volatility of the XRP market?

17 A. Yes.

18 Q. How did you do that?

19 A. I constructed a time series of the returns of
10:48 20 XRP, typically over the 30-day period and then measured
21 volatility from the return series.

22 Q. Did you compare XRP's market volatility to
23 any other digital asset?

24 A. Yes, sir.

10:48 25 Q. Which asset?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:48 1 A. Ultimately, comparisons of volatility of XRP
2 would be used against, most commonly, Bitcoin and Ether.

3 Q. Okay, and Ether is another digital asset?

4 A. Yes, sir.

10:48 5 Q. Okay, and during what period of time? Since
6 the whole period of time you were at Ripple?

7 A. It -- volatility of XRP was a metric that we
8 looked at regularly.

9 Q. And you regularly compared XRP's volatility
10:49 10 to that of Bitcoin and Ether?

11 A. Yes.

12 Q. Okay, and, again, did you share this
13 information with other people at Ripple, as part of your
14 normal work?

10:49 15 A. It is something that I did share. Regularly,
16 I'm not sure about. Certainly, if something was
17 interesting about the volatility at some given time, I
18 would report it.

19 Q. Okay. To your knowledge, did Ripple ever
10:49 20 take steps to support or increase the market price for
21 XRP?

22 A. Not to my knowledge.

23 MS. ZORNBERG: Objection, compound. But
24 you can answer.

10:49 25 THE WITNESS: Not to my knowledge.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:49 1 BY MR. MOYE:

2 Q. To the best of your knowledge, did Ripple
3 ever take steps or attempt to increase the market
4 liquidity for XRP?

10:50 5 A. Yes.

6 Q. What did Ripple do?

7 A. One of the prime missions of the XRP markets
8 team, under Miguel Vias, was to increase the liquidity
9 of XRP.

10:50 10 Q. How? What did Ripple do?

11 A. The XRP markets team looked at XRP liquidity
12 as -- because XRP was to serve a cross-border use case,
13 Miguel Vias and I attempted to mirror the XRP markets
14 like that of the foreign exchange markets.

10:50 15 As examples, we partnered with market makers by
16 providing XRP loans and leases. We tried to grow out
17 the OTC market for XRP.

18 Q. Did Ripple ever pay market makers to maintain
19 a particular spread?

10:51 20 A. Yes.

21 Q. How did it do that?

22 A. Ripple partnered with certain market makers,
23 as an example, [REDACTED] to provide a
24 bid and ask across several different XRP markets with a
10:51 25 certain size available on the bid and ask with a

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:51 1 prescribed spread between the bid and ask.

2 Q. How was [REDACTED] compensated for succeeding
3 in doing this?

4 A. [REDACTED] received XRP.

10:52 5 Q. Do you know whether Ripple ever took similar
6 steps with other market makers to maintain a certain
7 spread?

8 MS. ZORNBERG: Object to form.

9 BY MR. MOYE:

10:52 10 Q. You can answer.

11 A. Ripple did pay market makers to provide a
12 spread, as an example, in ODL markets.

13 (Pause.)

14 BY MR. MOYE:

10:52 15 Q. Were you aware -- are you aware of any other
16 digital asset for whom market makers are paid to
17 maintain a spread?

18 A. Yes.

19 Q. What other digital assets?

10:53 20 A. As an example, for -- you know, understanding
21 the client base of GSR, GSR partners with a number of
22 different token projects who acquire -- or who are asked
23 for market making support on their tokens.

24 Q. What tokens were those? Do you know?

10:53 25 A. As an example, [REDACTED].

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:54 1 Q. To your knowledge, does Bitcoin do this?

2 A. Not to my knowledge.

3 Q. Does Ether do this, to your knowledge?

4 A. Not to my knowledge.

10:54 5 Q. Okay. Going back to liquidity for a moment.

6 To your understanding, do XRP holders in the market
7 prefer more liquidity or less liquidity?

8 MS. ZORNBERG: Objection to the form.

9 BY MR. MOYE:

10:54 10 Q. You can answer.

11 A. I'm not sure.

12 Q. You don't have any idea one way or the other?

13 MR. HECKER: Objection to the form of the
14 question, asked and answered.

10:54 15 MR. MOYE: Let me rephrase this.

16 BY MR. MOYE:

17 Q. Talking about an asset in general --

18 A. Uh-huh.

19 Q. -- if the holder of an asset would like to
10:54 20 sell that asset of some point in time, would the holder
21 of that asset, do you think, prefer that there be more
22 liquidity or less liquidity in the market?

23 A. Holders of an asset, in general, would prefer
24 greater liquidity for that asset.

10:54 25 Q. Okay. Do you think that also applies to XRP

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:54 1 holders?

2 A. Yes --

3 Q. -- that in general, they would prefer more
4 liquidity to less?

10:55 5 A. Yes.

6 Q. Why is that?

7 A. It lowers the cross to enter or exit a
8 position.

9 Q. Does it also mean that they could recoup what
10:55 10 they paid for the asset or, if you will, their
11 investment in that asset?

12 MR. HECKER: Objection to form,
13 foundation.

14 BY MR. MOYE:

10:55 15 Q. You can answer.

16 A. Not necessarily.

17 (Pause.)

18 BY MR. MOYE:

19 Q. Did Ripple, to your knowledge, take any
10:55 20 attempts to -- make any attempts to decrease the
21 volatility of the XRP market?

22 A. Not to my knowledge.

23 Q. To the best of your knowledge, did Ripple
24 make any efforts or attempts to stabilize the market
10:56 25 price of XRP, in other words, to stop it from going

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:56 1 lower?

2 A. I don't recall.

3 Q. Do you know how much XRP was in circulation,
4 approximately, when you began working at Ripple?

10:56 5 A. Define circulation.

6 Q. How much was available to be purchased when
7 you began working at Ripple?

8 MR. HECKER: I'm going to object to the
9 form of the question. You can answer.

10:56 10 (Pause.)

11 THE WITNESS: I -- I don't recall.

12 BY MR. MOYE:

13 Q. So without regard to a particular quantity,
14 do you know how much -- do you know what the source of
10:57 15 XRP was that's in circulation now?

16 In other words, how it got to the market?

17 MS. ZORNBERG: Object to form.

18 BY MR. MOYE:

19 Q. You can answer.

10:57 20 A. Ultimately, liquidations by Ripple or early
21 holders of XRP.

22 Q. Would these those early holders include
23 Mr. Garlinghouse and Mr. Larsen?

24 (Pause.)

10:57 25 THE WITNESS: I don't know that

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:57 1 Mr. Garlinghouse was an early holder of XRP.

2 BY MR. MOYE:

3 Q. Would the early holders of XRP that sold it
4 into the market include Mr. Larsen?

10:58 5 A. To my understanding.

6 Q. Okay. Do you know who holds the rest of --
7 is there some XRP being held that is not in circulation?

8 I apologize.

9 A. By circulation, available to be purchased?

10:58 10 Q. Yes.

11 A. Can you define "available to purchase"?

12 Q. Maybe not technically. What I'm trying to
13 ask is:

14 If someone wants to go to the market to buy XRP
10:58 15 now, is there a source or -- or funds of XRP that is
16 being held that is not available to be purchased by
17 people in the market?

18 A. Yes.

19 Q. In other words, does Ripple hold a bunch of
10:59 20 XRP?

21 A. Ripple holds a bunch of XRP that is in
22 escrow.

23 Q. Okay. What is the purpose of that escrow as
24 you understand it?

10:59 25 A. As I understand it, the escrow was put in

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:59 1 place to provide surety to digital asset speculators
2 that Ripple, the company, would not flood the market
3 with XRP.

4 Q. As you understand that purpose, as you've
10:59 5 just described it, would another way of saying that mean
6 that Ripple's not going to sell so much that it crashes
7 the price held by other people?

8 MR. HECKER: Objection to the form. You
9 can answer.

10:59 10 BY MR. MOYE:

11 Q. You can use your own words to answer, if you
12 like.

13 A. Ripple would be prevented through a
14 cryptographic method from accessing enough quantity at
11:00 15 any given time to flood the market with XRP.

16 Q. Do you view this as an effort or initiative
17 by Ripple to control or support -- not control. Let me
18 take that back.

19 Do you view this escrow by Ripple as a way to
11:00 20 support or stabilize the market price?

21 A. No, sir.

22 Q. You mentioned "buybacks" earlier in your
23 testimony. Did you have any understanding of whether
24 repurchases of XRP were an attempt to stabilize the
11:00 25 price of Ripple?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:01 1 MS. ZORNBERG: Object to form. You said,
2 "price of Ripple."

3 MR. MOYE: Thanks for the clarification,
4 Lisa.

11:01 5 BY MR. MOYE:

6 Q. Do you view repurchases of XRP as an attempt
7 to stabilize the price of XRP?

8 A. No.

9 Q. Let's talk about your experience in the
11:01 10 market in general without regard to XRP.

11 Do you believe that restricting the quantity of
12 assets that are available for sale can work to increase
13 or support the price of an asset?

14 MR. HECKER: Sorry. Apologies. Couldn't
11:01 15 hear.

16 THE WITNESS: I have not seen an
17 analogous event in any market that I've ever
18 traded that is comparable to XRP escrow.

19 BY MR. MOYE:

11:02 20 Q. Do you believe the effect of the XRP escrow
21 works to help support or maintain the price of XRP?

22 MR. HECKER: Objection to the form of the
23 question.

24 THE WITNESS: I don't believe so.
25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:02 1 BY MR. MOYE:

2 Q. Do you think it drives down the price of XRP?

3 A. No.

4 Q. Okay. One more clarification question. Was
11:02 5 Mr. McCaleb also an early holder of XRP that sold XRP
6 into the market?

7 A. That is my understanding.

8 Q. Okay. Is there -- I would like to talk about
9 some of your time at [REDACTED] so I am going to
11:02 10 mark -- I am going to show you an exhibit that's been
11 marked as DS Exhibit 1.

12 (Pause.)

13 (Thereupon, a one-page e-mail chain with
14 the top e-mail dated 1/14/14, from
11:02 15 [REDACTED] com to Phil Rapoport was
16 introduced as DS Exhibit 1 for identification.)

17 BY MR. MOYE:

18 Q. Please let me know when you've had a chance
19 to look it over.

11:03 20 A. I'm ready.

21 Q. Okay. Do you recognize Exhibit DS Exhibit 1
22 as an e-mail you sent while at [REDACTED] on
23 Tuesday, January 14, 2014?

24 A. I do not recall sending this e-mail. I have
11:04 25 no reason to doubt that I did.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:04 1 Q. Okay. So I want to ask you about the
2 paragraph that begins with "To give you a little
3 background on myself."

4 Do you see that paragraph?

11:04 5 A. Yes, sir.

6 Q. As you sit here today, do you believe these
7 personal details were all correct, that at the time you
8 sent this e-mail, you've been trading currencies since
9 November 2009?

11:04 10 A. Yep.

11 Q. Was it also correct that you left a company
12 called [REDACTED] at the end of February of 2013?

13 A. Yes, sir.

14 Q. I don't remember whether that was one of the
11:05 15 companies we discussed earlier, but okay.

16 Does this reflect the date of December 31, 2013,
17 when you officially started at -- actually, did you
18 officially start at [REDACTED] on January 1st, 2014?

19 A. Yes.

11:05 20 Q. Okay. Was this an e-mail that you sent in
21 order to begin the process of [REDACTED] trading XRP?

22 A. Again, I don't recall sending the e-mail, but
23 presumably.

24 Q. Okay. You say, at the last sentence, "We
11:05 25 should be up and ready to trade XRP in a matter of a few

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:05 1 weeks."

2 Do you see that?

3 A. Yes.

4 Q. Do you recall or can you give me some general
11:05 5 idea of what [REDACTED] would have needed to do in order
6 to be ready to trade XRP?

7 A. Yes. We needed to incorporate digital assets
8 into the pricing engine buildout connectivity to the --
9 what was known as the Ripple Consensus Ledger, ensure
11:06 10 that order flow worked, that -- you know we were
11 probably -- probably -- properly able to place orders,
12 cancel orders, handle executions, handle partial
13 executions, adjust our prices correctly, fit it into our
14 pricing engine and then understand the movement of
11:06 15 capital to fund these accounts.

16 Q. Was there anything special about Ripple or
17 XRP that you needed to learn at that time in order to
18 make those steps happen or was this a general process?

19 A. The process I described is a general process.
11:07 20 Though "yes" to your question, there were many things
21 that were, to my experience, unique to trading on -- at
22 the Ripple Consensus Ledger, as it was known.

23 Q. What were the main differences or the main
24 things that were unique about this sort of trading?

11:07 25 A. Especially in 2014, the digital asset markets

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:07 1 was very immature and largely dislocated from the
2 general financial markets.

3 For example, at the time it was very hard to get
4 bank account if you're a crypto business or -- you know,
11:07 5 there's no such thing as a prime brokerage, there's no
6 such thing as central clearing, there's no such thing as
7 trade give-ups, so you had to work around these holes
8 in -- that were missing to trade digital assets.

9 Also, the custody and security of the digital
11:08 10 assets was very different than, say, currencies. Beyond
11 that, interfacing with the Ripple Consensus Ledger, as
12 it was known -- now the XRP Ledger -- was unlike dealing
13 with any exchange that any of us had ever dealt with.

14 You know, typically with a foreign exchange, API,
11:08 15 you're dealing with a fixed interface, but in this case,
16 we were looking at very different sort of information
17 sets to build our APIs to.

18 Q. Had you worked -- either at [REDACTED] or
19 other places -- with trading other cryptocurrencies?

11:08 20 A. No.

21 Q. Okay, so when you refer to "currency trading"
22 here, are you referring to fiat currencies?

23 A. That's correct.

24 Q. Okay.

11:08 25 (Thereupon, an eight-page e-mail chain

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:08 1 with the top e-mail dated 11/24/15, from Dinuka
2 Samarasinghe to [REDACTED] et al., was
3 introduced as DS Exhibit 2 for identification.)

4 BY MR. MOYE:

11:08 5 Q. All right. Let's show you what's been marked
6 as DS Exhibit 2.

7 (Pause.)

8 MR. MOYE: So just as a housekeeping
9 matter, I want to make sure you have access to
11:09 10 all these during question.

11 But I don't want them to get spilled or
12 lost or wet, so if there's some way that we
13 could stack them neatly or put them off to the
14 side if you're not using them, that's the best
11:09 15 thing.

16 (Thereupon, an informal discussion was
17 held off the record.)

18 BY MR. MOYE:

19 Q. Please let me know when you've had a chance
11:10 20 to look over DS Exhibit 2.

21 A. I've read through my e-mail to [REDACTED]
22 I have not had a chance to go through -- do you need me
23 to go through the entire --

24 Q. I don't. I want to ask you about your
11:11 25 e-mail. Okay.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:11 1 Do you recognize the top e-mail from DS Exhibit 2
2 as an e-mail sent by you from [REDACTED] on
3 November 24, 2015 to [REDACTED]@ripple.com?

4 A. I do not recall sending the e-mail. I recall
11:12 5 some of the thoughts behind this. I have no reason to
6 believe I didn't send this.

7 Q. Okay. Fair enough.

8 So I do want to ask you about your thoughts as
9 expressed in the e-mail. Can you look below to the
11:12 10 bottom part of the first page?

11 It appears from what's written that on Monday,
12 November 23rd, [REDACTED] -- it looks like he sent a
13 Google doc or shared a Google doc with you. Do you
14 think I am correct about that?

11:12 15 A. (Nodding).

16 Q. Okay, and just the top says "XRP Value
17 Prop & Incentive Whitepaper." Do you see that?

18 A. Yep.

19 Q. Okay. So we're not going to go through any
11:12 20 of it, but it appears to be five- or six-page,
21 single-spaced letter describing the Value
22 Proposition & Incentive program.

23 Do you see that?

24 A. That's correct.

11:12 25 Q. Okay. So who is [REDACTED]?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:13 1 A. [REDACTED] was a member of Ripple's
2 business development team. I came to know him through a
3 previous employee at Ripple named Phil Rapoport, who
4 introduced us to [REDACTED], and [REDACTED] handled
11:13 5 some interfacing with market makers.

6 Q. Okay. Now, as of November 24th, 2015, would
7 it be correct that [REDACTED] had been trading XRP for
8 more than a year?

9 A. That's correct.

11:13 10 Q. Okay, and you'd been involved in that
11 trading?

12 A. Yes, sir.

13 Q. Did you feel like at the time that you
14 received this e-mail that you had a decent understanding
11:13 15 of what XRP was and how it was trading, at least up
16 until that date?

17 A. Yes, sir.

18 Q. Okay. Did you understand this Value
19 Prop & Incentive Whitepaper to be a change or new
11:14 20 program that Ripple was considering or going to be
21 rolling out and they wanted to get your thoughts on it?

22 A. I don't have much recollection of this paper
23 at all.

24 Q. Okay. So let's look at the very first two
11:14 25 things that [REDACTED] says in this whitepaper. He

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:14 1 says:

2 "Hey, guys. This is our soon-to-be released XRP
3 value prop and incentive whitepaper. Please keep this
4 strictly confidential. We're soliciting feedback from a
11:14 5 core group of valued partners including yourselves prior
6 to release."

7 Do you see that?

8 A. Yeah.

9 Q. And then the next paragraph, he says:

11:14 10 "It would be great to get your feedback
11 particularly on the broad incentive structure."

12 Do you believe that you read the whitepaper and
13 that was the bases for the thoughts that you
14 communicated in the top e-mail?

11:14 15 A. I believe that's true.

16 Q. Okay. So let's talk about the responses or
17 reactions that you had.

18 MS. ZORNBERG: I'm just going to object
19 insofar as Mr. Samarasinghe has not read the
11:15 20 whitepaper.

21 He has told you he has no or little
22 recollection sitting here today, and so I have
23 a standing objection to the extent you're
24 asking him to comment on things without giving
11:15 25 him time to read the whitepaper.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:15 1 MR. MOYE: I understand. That's noted.

2 BY MR. MOYE:

3 Q. As best you recall, what is the first
4 reaction or first response that you raise to him in your
11:15 5 e-mail?

6 A. I'm asking about the spread incentive
7 function, that's the first thing I say.

8 Q. Okay. You understand what spreads were and
9 you understand what incentives were at this time,
11:15 10 correct?

11 So was there something particular about this e-mail
12 that you -- that you recall that you were struggling
13 with to understand or -- or --

14 A. I don't recall.

11:15 15 MR. HECKER: Wait, wait. You need to let
16 him finish his question.

17 THE WITNESS: I'm sorry.

18 MR. HECKER: But one of the reasons is
19 because I was going to interpose an objection
11:16 20 at the end of that, in terms of the
21 foundation, given that we're -- there's a
22 little bit of a disconnect, since he hasn't
23 looked to see what he's reacting to. But go
24 ahead.

25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:16 1 BY MR. MOYE:

2 Q. I am only asking as best you recall.

3 Obviously, if you feel it would be helpful, we can refer
4 to different parts of it, but I really only want to
11:16 5 explore your responses based on your knowledge today, if
6 that's acceptable?

7 A. That's acceptable.

8 Q. Okay.

9 A. My knowledge today, I -- I -- I understand
11:16 10 what a spread is. I understand what an incentive is. I
11 don't -- I don't recall how they are -- how it works
12 within this whitepaper.

13 Q. Okay. How about in the second paragraph of
14 your response? Right in the middle, there's a sentence
11:16 15 that begins "It appears from this program, Ripple Labs
16 is not eliminating this cost" -- it was for two above --
17 "but distributing this cost to the market makers, and
18 away from the banks."

19 Do you see that?

11:17 20 A. That's correct.

21 Q. And then it continues -- your thoughts
22 continue a little bit longer in that paragraph. Can you
23 give me the gist or the basics? What is it you're
24 telling me here that you don't agree with or don't
11:17 25 understand?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:17 1 A. My recollection --
2 MS. ZORNBERG: Object to form.
3 THE WITNESS: My recollection here is
4 that they are -- you know, for payment
11:17 5 providers, they're removing the requirement to
6 prefund at a destination account to place --
7 to fund a cross-border payment. My --
8 What I'm objecting here to is the fact
9 that the payment provider no longer is able --
11:17 10 is no longer required to produce the
11 capital -- prefund the destination account;
12 However, the market maker is and the
13 market maker may not be able to do that as
14 efficiently as the payment provider.
11:18 15 BY MR. MOYE:
16 Q. Now, when you raised this concern, this
17 objection, as you said, were you talking do you think in
18 general or were you thinking also specifically that
19 [REDACTED] might have a difficulty with this program?
11:18 20 A. I don't recall exactly, but I imagine both.
21 Q. Okay. So both generally and specific to
22 [REDACTED]?
23 A. Correct.
24 Q. Okay. How about the third question you
11:18 25 write -- without reading it out loud, but what is it

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:18 1 basically you're asking him to explain or clarify?

2 A. Without reading the whitepaper now or
3 recalling, if the focus is to become more of an
4 institutional product where institutions are

11:19 5 facilitating movement of XRP, I wanted to make sure that
6 I understood how larger institutions could hold XRP or
7 digital assets at that time.

8 Q. Okay. Actually, I want to clarify. I'm
9 talking about the 5 percent issuance per year.

11:19 10 A. Oh, that one?

11 Q. Yeah. What's -- let me ask you if I
12 understand this correctly.

13 Were you asking him to clarify whether a plan to
14 issue 5 percent XRP a year -- whether that 5 percent
11:19 15 included payments in XRP to the market makers, the
16 liquidity providers?

17 A. I don't recall.

18 Q. Okay. So let's go to the fourth paragraph,
19 then. What's the -- what's your basic concern or
11:20 20 objection here?

21 MR. HECKER: Objection to the form. You
22 can answer.

23 THE WITNESS: Given regulatory
24 uncertainty around digital assets, I was
11:20 25 unclear how -- not just regulatory

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:20 1 uncertainty, but uncertainty from even
2 experienced market participants or digital
3 asset speculators on how to securely hold a
4 digital asset. I wanted to understand how a
11:20 5 regulated institution could hold a large
6 quantity of any digital asset.

7 BY MR. MOYE:

8 Q. So you began this fourth thought, or fourth
9 paragraph, by saying "Given that the focus of Ripple has
11:20 10 shifted entirely to the institutional side."

11 How did you become aware that the focus of Ripple,
12 as you described it, had shifted to the institutional
13 side?

14 A. I don't recall.

11:21 15 Q. Without regard to this whitepaper but looking
16 back at your time at [REDACTED] was there a time when
17 you thought that Ripple changed the way it was focusing
18 and shifted to the institutional side, as you say here?

19 MR. HECKER: Objection to form.

11:21 20 THE WITNESS: I don't remember.

21 My recollection is that in the digital
22 asset space -- you know, Bitcoin as an
23 example -- was -- you know, a way to remove
24 trust in, say, central banks, regulators, and
11:21 25 was essentially a way to work away from the

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:21 1 existing system.

2 I think my recollection is that my view
3 on Ripple was a company that was trying to
4 work with banks, with regulators, unlike other
11:22 5 digital assets.

6 BY MR. MOYE:

7 Q. When you talked about institutional -- or
8 institutions maybe not being able to hold XRP, were you
9 talking about market makers or other kind of bank --
11:22 10 other kinds of institutions like banks?

11 A. I believe I was talking about other types of
12 institutions like banks.

13 Q. Okay. Let's go back to the first paragraph.
14 The sentence I pointed out to you:

11:22 15 "Ripple Labs is not eliminating this cost but
16 distributing it to market makers."

17 Do you see that?

18 A. That's correct.

19 MS. ZORNBERG: Just for clarification,
11:22 20 that's not the first paragraph.

21 MR. MOYE: Thank you, Lisa. Second
22 paragraph. The second question in the
23 paragraph.

24 BY MR. MOYE:

11:23 25 Q. To the best of your understanding, was this

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:23 1 also an issue with respect to ODL?

2 In other words, did the same concern about
3 distributing the cost to market makers and away from the
4 banks also apply to the ODL system?

11:23 5 A. Yes.

6 Q. And why was that a concern?

7 A. My concern with that is that it is a market
8 maker, especially a digital asset market maker is less
9 efficient at delivering capital to -- especially local
11:23 10 fiat to destination digital asset exchanges. Part of,
11 you know, scaling liquidity for ODL, we require market
12 maker support to provide -- to essentially source local
13 fiat currencies such that it is available to support --
14 to essentially -- yeah, support ODL payments that are
11:24 15 going into those corridors.

16 Had typically, these destination digital asset
17 exchanges have relatively low liquidity, not just
18 relative to foreign exchange -- well, I mean, foreign
19 exchange is orders of magnitude larger, but even digital
11:24 20 assets exchanges in general.

21 (Thereupon, a three-page e-mail chain with
22 top e-mail dated 10/11/16, from Dinuka
23 Samarasinghe to [REDACTED] et al., was
24 introduced as DS Exhibit 3 for identification.)
25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:24 1 BY MR. MOYE:

2 Q. Okay. Let's look --

3 Let's look at another document. I am going to show
4 you what's been marked as DS Exhibit 3.

11:25 5 THE WITNESS: Could I have a quick
6 bathroom break?

7 MR. MOYE: Yeah.

8 MR. HECKER: Of course.

9 THE VIDEOGRAPHER: We are off the record.

11:25 10 The time is 11:25 a.m.

11 (Recess taken at 11:25 a.m.)

12 (Resumed at 11:32 a.m.)

13 THE VIDEOGRAPHER: We are back on the
14 record. The time is 11:32 a.m.

11:32 15 BY MR. MOYE:

16 Q. Mr. Samarasinghe, before we go on to
17 DS Exhibit 3, I have one follow-up question I neglected
18 to ask you about Exhibit 2.

19 Could you go back to that --

11:32 20 A. Yes, sir.

21 Q. -- to what I called erroneously "the first
22 paragraph" and it's really the second question you
23 raise.

24 So I've asked you a couple questions about your
11:32 25 statement, that Ripple is not eliminating the cost, but

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:32 1 distributing it to market makers and away from the
2 banks.

3 To your understanding of this program, was Ripple
4 proposing that the market makers would keep this cost
11:32 5 and, in other words, lower their earnings or their
6 profitability, or was it your understanding that
7 whatever additional cost the market makers would incur
8 would be made up by Ripple?

9 MS. ZORNBERG: Object to form.

11:33 10 THE WITNESS: Maybe -- perhaps rephrase
11 the question.

12 BY MR. MOYE:

13 Q. Yeah. When you say that Ripple's
14 transferring cost to the market makers and away from
11:33 15 the banks, did you think those costs would ultimately
16 become the responsibility of Ripple under this new
17 program?

18 A. I don't recall.

19 Q. Don't recall? Okay.

11:33 20 How about with regard to the -- how about with
21 regard to the ODL transactions that you've described, am
22 I correct that in these ODL transactions, there's a need
23 for the exchange to buy XRP in order for the ODL
24 transaction to work?

11:33 25 A. The Exchange is not buying XRP.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:33 1 Q. Who is buying the XRP?

2 A. A market participant on the exchange.

3 Q. So the one who wants to send or receive the
4 funds? Is that what you mean by "market participant"?

11:34 5 A. No. Well, from your -- from your question,
6 it's unclear if you're talking about the entity sending
7 the payment. The entity sending the payment --

8 XRP moves cross ledger in -- from their
9 perspective, right, so it's their XRP. They sell that

11:34 10 XRP for local fiat to a market participant who exists on
11 the exchange.

12 Q. Okay. Is that sale or purchase of XRP
13 necessary or essential to the ODL transaction?

14 MR. HECKER: Objection to form.

11:35 15 THE WITNESS: So in ODL, the recipient of
16 the payment receives local fiat.

17 BY MR. MOYE:

18 Q. Right.

19 A. For it -- let's move backward.

11:35 20 For that recipient to receive local fiat, the
21 person -- the entity sending the payment needs to get
22 that local fiat, and it is sourced from that exchange
23 via a sale of XRP for local exchange -- fiat on that
24 exchange. Following that reasoning, I believe that sale
11:35 25 is necessary for ODL.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:35 1 Q. Okay. So maybe stated more broadly, do you
2 agree that for an ODL transaction to work or function as
3 intended, some market participant needs to purchase the
4 XRP?

11:35 5 A. That's correct.

6 Q. Okay.

7 A. Doesn't have to be one.

8 Q. Excuse me?

9 A. It could be multiple.

11:36 10 Q. At least one?

11 A. At least one.

12 Q. At least one. Okay. Let's move on to
13 DS Exhibit 3. DS Exhibit 3 appears to be an e-mail that
14 you sent from [REDACTED] on October 11th, 2016 to

11:36 15 [REDACTED] at Ripple.

16 Do you see that?

17 A. Yes, sir.

18 Q. Do you either remember this e-mail or have
19 any -- do you remember this e-mail?

11:36 20 A. I do not.

21 Q. Do you have any reason to doubt that you sent
22 it?

23 A. No.

24 Q. Okay. So in your own words, what are you
11:36 25 telling [REDACTED] at this point in time? What's the

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:36 1 purpose of this e-mail?

2 MS. ZORNBERG: Object to form.

3 THE WITNESS: The market-making contract
4 that [REDACTED] had with Ripple included --
11:37 5 included a -- essentially, either a volume
6 incentive or a participant rate incentive as
7 part of the contract.

8 BY MR. MOYE:

9 Q. Am I correct that as part of your contract
11:37 10 with Ripple, the more business -- the more transactions
11 that [REDACTED] effectuates, it gets paid either in
12 dollars or in XRP, the more business it does?

13 A. The more notional volume traded via XRP by
14 the market -- by the market maker would receive an
11:37 15 incentive payment in XRP.

16 Q. Okay. So are you essentially telling
17 [REDACTED] that according to your calculations, the
18 payment to [REDACTED] needs to be higher, because the
19 notional value was actually higher?

11:38 20 A. Either the notional value or the
21 participation number.

22 Q. But your numbers were higher than Ripple's,
23 right?

24 A. Correct.

11:38 25 Q. So [REDACTED] was entitled to some additional

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:38 1 compensation, correct?

2 A. According to the e-mail.

3 Q. And is that also based on your understanding,
4 that if the notional value is higher, there's more
11:38 5 compensation that would be due to [REDACTED]?

6 A. It's either notional or participation rate, I
7 don't recall.

8 Q. Could be either?

9 A. Could be either.

11:38 10 Q. Okay. As I read the e-mails below in the
11 chain -- and feel free to refer to them -- it appears
12 you had to reach out to [REDACTED] several times in
13 order to get Ripple's calculation of those numbers for
14 that quarter; is that correct?

11:39 15 (Pause.)

16 THE WITNESS: That's how it appears.

17 BY MR. MOYE:

18 Q. Did Ripple have problems getting you the
19 quarterly numbers that you needed for these
11:39 20 calculations?

21 MS. ZORNBERG: Objection. Sorry. Were
22 you finished?

23 MR. MOYE: Not quite.

24 MS. ZORNBERG: Apologies.

25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:39 1 BY MR. MOYE:

2 Q. Was it a normal thing for Ripple to have
3 difficulties or encounter delays in getting you the
4 numbers that you needed regarding the quarterly
11:39 5 compensation?

6 A. I don't know.

7 MS. ZORNBERG: Objection.

8 THE WITNESS: I don't recall.

9 BY MR. MOYE:

11:39 10 Q. Don't recall.

11 So as you sit here today, you don't know whether
12 this was a one-off problem or if this was common?

13 MS. ZORNBERG: Object to form.

14 THE WITNESS: I don't -- I don't
11:39 15 remember.

16 BY MR. MOYE:

17 Q. With regard to the difference in the -- in
18 your calculation from Ripple's calculation, did you have
19 any understanding of why there would be a difference,
11:40 20 why those numbers wouldn't match, and why your numbers
21 would be higher than Ripple's?

22 (Pause.)

23 THE WITNESS: I -- I don't recall.

24 BY MR. MOYE:

11:40 25 Q. And at the time you were at [REDACTED] would

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:40 1 you have regarded this as a significant problem, that
2 there was a difference in Ripple's calculations from
3 yours, or was this something that was not of any real
4 consequence?

11:40 5 MR. HECKER: Objection to form.

6 MS. ZORNBERG: Object to form.

7 BY MR. MOYE:

8 Q. You can answer.

9 A. You know, I don't recall the incident, and it
11:40 10 does not -- I don't know what the difference was here,
11 so it may have been small.

12 Q. Yeah.

13 A. It may have been material, but I don't
14 really -- I don't have a recollection of this.

11:41 15 (Thereupon, a one-page e-mail dated
16 12/10/16, from [REDACTED]@ripple.com to
17 [REDACTED]@ripple.com et al., was introduced as
18 DS Exhibit 4 for identification.)

19 BY MR. MOYE:

11:41 20 Q. Okay. Let's look at what's been marked as
21 DS Exhibit 4.

22 (Pause.)

23 (Thereupon, an informal discussion was
24 held off the record.)
25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:41 1 BY MR. MOYE:

2 Q. Okay. Have you had a chance to look at
3 what's been marked as DS Exhibit 4?

4 (Pause.)

11:42 5 THE WITNESS: Yes.

6 BY MR. MOYE:

7 Q. Okay. Are you familiar with Slack?

8 A. Yes, I am.

9 Q. What is Slack?

11:43 10 A. Slack is an application or web-based tool
11 used for communications typically within a company,
12 sometimes between a company and external parties.

13 Q. It's a message, correct?

14 A. Correct.

11:43 15 Q. So it's not e-mail; it's not text? It's --

16 A. Correct.

17 Q. But it's in written form, correct?

18 A. Yes. I mean, sometimes you can have
19 documents. You can have images, whatever.

11:43 20 Q. It's electronic communication?

21 A. Correct.

22 Q. Okay. This document's printout, subject says
23 "[Slack Retention]" Ripple - Private," and it's from [REDACTED]
24 at a Ripple address.

11:43 25 Do you know who that was back in December of 2016?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:43 1 A. My understanding is [REDACTED].

2 Q. Okay, and then there's "To" -- there's a
3 number of individuals, including yourself. Do you see
4 that, "[REDACTED]"?

11:44 5 Do you see your name there in the second line in
6 the "To" group?

7 A. Yes.

8 Q. Okay, so it says "[REDACTED]@Ripple.com."
9 Do you see that?

11:44 10 A. Yes.

11 Q. Okay, so did you have a Ripple e-mail address
12 in December 2016?

13 A. I did not.

14 Q. Do you think this is a feature of Slack or
11:44 15 their messaging protocol that you're just named for
16 purposes of this?

17 A. Possibly.

18 Q. Okay. You're not working for Ripple at this
19 time.

11:44 20 A. No, I'm not working --

21 Q. And you do not have a secret Ripple e-mail
22 address?

23 A. I do not have a secret Ripple e-mail address.

24 Q. Nor a public e-mail address, to the extent
11:44 25 you were working?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:44 1 A. No.

2 Q. All right. Do you have any reason to doubt,
3 though, you were part of this Slack messaging with these
4 Ripple individuals in December of 2016?

11:44 5 MR. HECKER: Sorry. When you say, "a
6 part of," do you mean did he receive --

7 MR. MOYE: That's what I mean.

8 MR. HECKER: -- while he was at
9 [REDACTED]?

11:44 10 MR. MOYE: That's what I mean.

11 MR. HECKER: Do you know?

12 THE WITNESS: I don't remember how I
13 communicated with Ripple five years ago.

14 BY MR. MOYE:

11:45 15 Q. All right. So you're not shown as a sender
16 in any of the messages in this chain.

17 What I want to ask you about is your reaction or
18 recollection, if you have one, to some of these
19 messages. Okay?

11:45 20 A. Uh-huh.

21 Q. So in the middle, [REDACTED]@ripple.com says:

22 "Low volatility is great for payments, desired, but
23 not great for speculative trading."

24 And then [REDACTED] from Ripple says:

11:45 25 "At this stage, I might argue we desire more

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:45 1 speculative trading."

2 Do you see that?

3 A. Yes.

4 Q. Okay. As to the first sentence, did you have
11:45 5 any understanding, while you were at [REDACTED] whether
6 low volatility was great for payments?

7 A. While at [REDACTED], I did not give much
8 thoughts to payments.

9 Q. Okay. Did you have any understanding, while
11:46 10 you were at [REDACTED], whether low volatility is not
11 great for speculative trading?

12 (Pause.)

13 THE WITNESS: In my trading days, I would
14 probably have believed that higher volatility
11:46 15 is better for speculative trading.

16 BY MR. MOYE:

17 Q. Okay. So with regard to the next phrase
18 where Tim says, "At this stage, I might argue we desire
19 more speculative trading," do you remember at any point
11:46 20 when you were at [REDACTED], being told or having an
21 understanding, that Ripple desired or might have desired
22 that there be more speculative trading at XRP?

23 MS. ZORNBERG: Object to the form of the
24 question.

25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:47 1 BY MR. MOYE:

2 Q. You can answer.

3 A. One of the functions of a market maker to
4 provide tighter spreads is to reduce the cost for
11:47 5 speculators to enter or exit a position, essentially
6 to -- you know, tighter spreads provided in markets can
7 have -- can lead to essentially higher liquidity.

8 Q. And how does that relate to speculative
9 trading?

11:47 10 A. For a person to enter or exit a position, it
11 becomes less expensive. You have to -- you don't have
12 to cross as large a spread. You don't have to pay as
13 much in -- in spread -- bid-out spread to actually get a
14 position.

11:47 15 Q. While you were at [REDACTED] did you have an
16 understanding or an impression that Ripple desired to
17 have a tight spread in XRP?

18 A. Yes.

19 Q. Did you have an understanding or impression
11:48 20 that Ripple desired there to be speculative trading in
21 XRP?

22 A. I don't recall.

23 Q. Not one way or the other?

24 A. I'm sorry?

11:48 25 Q. Not one way or the other?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:48 1 A. I don't recall.

2 Q. Okay. Let's look at the last statement --

3 A. Uh-huh.

4 Q. -- in this exhibit, where [REDACTED]@ripple.com

11:48 5 says, "The low volatility is likely a symptom of not
6 having enough MMs trading on this order book," do you
7 see that?

8 A. Yes.

9 Q. Do you understand "MMs" to be market makers?

11:48 10 A. Yes.

11 Q. Okay. Do you have any reason to agree or
12 disagree with the statement that back in December of
13 2016, Ripple viewed low volatility as likely a symptom
14 of not having enough market makers trading on this order
11:49 15 book?

16 MR. HECKER: I'm going to object to the
17 form of the question.

18 THE WITNESS: But -- I don't know that I
19 agree with the -- with the statement. If a --
11:49 20 let's say there aren't market makers in -- in
21 an order book, hypothetically, if a market
22 participant were to desire to enter into an
23 order book and there was relatively low
24 liquidity, an order could eat further into the
11:49 25 order book, right, into the market depth one

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:49 1 way or the other.

2 So you can certainly imagine a situation
3 where a higher volatility is due to less
4 liquidity in an order book.

11:50 5 BY MR. MOYE:

6 Q. Okay. Let me try to rephrase this statement
7 and see if you agree with it, because I'm not sure I
8 fully understand what this statement is.

9 Do you think [REDACTED]@ripple was saying that -- was
11:50 10 suggesting that Ripple wanted to have more market makers
11 trading on the order book?

12 MR. HECKER: Objection, foundation.

13 BY MR. MOYE:

14 Q. You can answer, as best as you understand.

11:50 15 A. As best I understand, that appears to be his
16 sentiment.

17 Q. Okay. Do you think this statement suggests
18 that [REDACTED]@ripple would prefer there to be higher
19 volatility if there -- if Ripple was successful in
11:50 20 getting more market makers?

21 MS. ZORNBERG: Objection.

22 BY MR. MOYE:

23 Q. You can answer.

24 A. Following the messages, it appears that he is
11:50 25 responding to [REDACTED] who is saying that -- who is

110

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:51 1 arguing that Ripple desires more speculative trading and
2 higher volatility.

3 Q. So at least as it appears to you, that Ripple
4 would not mind there being higher volatility in the XRP
11:51 5 market because there might be more speculative trading?

6 MR. HECKER: Objection.

7 BY MR. MOYE:

8 Q. Is that right?

9 MR. HECKER: Objection, foundation.

11:51 10 THE WITNESS: It appears to me that they
11 desire more speculative trading, or at least
12 [REDACTED] does.

13 BY MR. MOYE:

14 Q. Okay.

11:51 15 A. I don't know if that is a sentiment shared by
16 Ripple in general as a whole?

17 Q. Okay.

18 MR. HECKER: Counsel, just so the
19 record's clear, is there a basis for believing
11:51 20 that this -- that he was, in fact, on this
21 Slack chain while he was at [REDACTED] or that
22 he would have received this while he was at
23 [REDACTED]?

24 I just -- I don't know the answer to the
11:51 25 technical question. I know that his --

111

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:52 1 there's a name for him with a Ripple address.
2 I mean, do we have a reason to believe he
3 would have seen this at the time?

4 MR. MOYE: Yeah. All I can do is ask the
11:52 5 question --

6 MR. HECKER: No, no. I am really asking
7 for a proffer, because I don't think the
8 record's clear as to whether we think he
9 actually would have seen this. I just don't
11:52 10 know.

11 MR. MOYE: Yeah. The -- the fact is his
12 name is on the exhibit certainly suggests he
13 saw it. I have no other reason to think he
14 had --

11:52 15 MR. HECKER: It's just an e-mail address
16 that I don't think he had at the time, so
17 that's why I'm asking the question.

18 MR. MOYE: I get it. That's why I asked
19 the question.

11:52 20 MR. HECKER: Yeah, okay. All right.

21 (Pause.)

22 (Thereupon, a nine-page e-mail chain with
23 the top e-mail dated 1/10/17, from Miguel Vias
24 to Dinuka Samarasinghe was introduced as DS
11:52 25 Exhibit 5 for identification.)

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:53 1 BY MR. MOYE:

2 Q. All right. Let's look at DS Exhibit 5. This
3 one's going to take some work, so let me just start
4 marching through.

11:53 5 A. Okay.

6 Q. DS Exhibit 5 appears to be a chain of e-mails
7 where the top e-mail was sent to you by Mr. Miguel Vias
8 at Ripple on January 10th, 2017.

9 Do you see that?

11:53 10 A. Yes.

11 Q. Okay. Were you corresponding with Mr. Vias
12 by e-mail when you were at [REDACTED] and he was at
13 Ripple?

14 A. Yes, I was.

11:54 15 Q. Okay. So at the bottom of the first page,
16 [REDACTED].com says "Hello, Miguel. Thank you
17 for your e-mail yesterday."

18 Do you see that?

19 A. Yes.

11:54 20 Q. Okay. I want you to look at, first of all,
21 the two paragraphs under there and, let me know when
22 you've had a chance to do that.

23 A. Two paragraphs starting "While we understand
24 your points ... "?

11:54 25 Q. Yeah.

113

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:54 1 A. Okay.

2 (Pause.)

3 BY MR. MOYE:

4 Q. Okay. As best as you can recall, what are
11:55 5 you trying to communicate with Mr. Vias in these first
6 two paragraphs of this e-mail?

7 A. So from reading further down in the e-mail
8 chain, it appears that our market-making contract -- the
9 market-making contract between [REDACTED] had lapsed or
11:55 10 expired, and we removed -- we stopped quoting XRP euro
11 on GateHub.

12 I have a recollection that Ripple communicated to
13 us that XRP would be listed on the Bitstamp exchange,
14 the XRP euro order book, and I recall rosy expectations
11:56 15 of XRP euro to be traded on Bitstamp, and I am
16 expressing some doubts --

17 Q. Reluctance?

18 A. Uh-huh?

19 Q. Reluctance, perhaps?

11:56 20 A. No. Doubts.

21 MR. HECKER: Okay.

22 THE WITNESS: Sorry.

23 MR. HECKER: You should let him finish
24 his answer.

11:56 25 THE WITNESS: I'm sorry. I apologize.

114

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:56 1 MR. HECKER: Okay.

2 THE WITNESS: I'm expressing doubts that
3 on exchange volumes for -- on Bitstamp volumes
4 for XRP euro would be higher than that of
11:56 5 Bitcoin versus euro.

6 BY MR. MOYE:

7 Q. Were your comments here limited just to --
8 I'm sorry. Was Bitstamp an exchange -- a new exchange,
9 or a --

11:57 10 A. Bitstamp is a digital asset exchange. It was
11 new-ish in 2017 compared to, say, the [REDACTED] I think it
12 was a relatively longstanding digital asset exchange.

13 Q. Okay, and I'm --

14 As best you recall, were your comments here
11:57 15 directed solely to working with Ripple on the new
16 Bitstamp exchange, or were they directed to the
17 preexisting relationship that [REDACTED] had with Ripple
18 on other exchanges?

19 MS. ZORNBERG: Objection to "comments
11:57 20 here." This is a multi-page document.

21 MR. MOYE: Yeah.

22 BY MR. MOYE:

23 Q. Just the comments on the top part of this
24 e-mail we've talked about so far.

11:58 25 A. All right. So historically, [REDACTED]

115

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:58 1 market making for Ripple was primarily done on the RCL
2 or, now, XRP Ledger. This would have been a departure
3 in that it would have been a centralized order book that
4 was not the XRP Ledger.

11:58 5 Q. Okay. So a new way of doing business; is
6 that correct?

7 A. Correct.

8 Q. Okay, and it sounds like you're expressing
9 doubts or reservations about whether [REDACTED] would be
11:58 10 interested in pursuing that new way of doing business;
11 is that right?

12 MR. HECKER: Objection to form.

13 THE WITNESS: It reads to me that I'm
14 objecting to a contract proposal from -- from
11:58 15 Ripple to [REDACTED] to participate on the XRP
16 order book on Bitstamp.

17 BY MR. MOYE:

18 Q. Okay. Could you review what's on the second
19 page all the way down to where it says "Thank you,
11:59 20 Dinuka" for my next set of questions?

21 (Pause.)

22 THE WITNESS: Okay.

23 BY MR. MOYE:

24 Q. Okay. So with regard to the thoughts you're
11:59 25 expressing down to the "Thank you, Dinuka," what are you

116

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:59 1 trying to communicate about the current volume incentive
2 program?

3 A. So I think I -- I provide graphs of
4 essentially volume on order books that we had previously
12:00 5 provided market making quotes on, and then since the
6 contract expired and we stopped quoting on those order
7 books, I think I -- we showed a sharp reduction in
8 volumes being traded on those order books.

9 It looks like I am objecting to their proposal,
12:00 10 without having read the contract -- or without recalling
11 the contract --

12 Q. Okay.

13 A. -- to the proposed volume incentive program.

14 Q. All right. Now, I would like you to go
12:00 15 below, where you said, "Thank you, Dinuka" --

16 A. Uh-huh.

17 Q. -- and read the comments that you wrote on
18 Tuesday, January 10th, 2017.

19 A. Yep.

12:00 20 Q. So the bottom of page 2, to the top of
21 page 3, to the next set of e-mail where it says
22 "Removing [REDACTED] and Miguel."

23 A. Yep.

24 Q. So what are you communicating in the
12:01 25 paragraph that begins "And last, it isn't like XRP is a

117

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:01 1 hot commodity"?

2 A. I'm writing this as a digital asset trader,
3 not as a member of Ripple.

4 Q. Sure.

12:01 5 A. But it looks like I am complaining about the
6 price of XRP.

7 Q. That it's too low or too high?

8 A. That it's low, or it had been going down.

9 Q. Okay. So with that caveat in mind, can you
12:01 10 add some context or help me understand what you mean --
11 what up meant when you said, parentheses, "Perhaps
12 Ripple needs to goose up the price to increase interest
13 before the launch"?

14 A. What I meant was, you know, from the
12:01 15 perspective of [REDACTED], the declining price of XRP
16 meant that our contract was getting worse -- the USD
17 notional of our contract was going lower and lower, and
18 we were getting increasingly frustrated about the
19 declining value of our services.

12:02 20 Q. So when you said, "Perhaps Ripple needs to
21 goose up the price to increase interest before the
22 launch," at that time, how did you understand or imagine
23 that Ripple might be able to help the price of XRP
24 increase?

12:02 25 MS. ZORNBERG: Object to form.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:02 1 BY MR. MOYE:

2 Q. You could answer.

3 A. I have no reason to believe that Ripple ever
4 did goose up the price. I think I was more venting
12:02 5 about the declining cost of our services.

6 Q. But you did choose the language that said
7 "Perhaps Ripple needs to goose up the price," correct?

8 A. Yes.

9 MS. ZORNBERG: Objection.

12:03 10 BY MR. MOYE:

11 Q. Okay. So let me ask a hypothetical.

12 At that time when you were at [REDACTED] and you
13 were having this conversation, did you believe that
14 restricting the pool of XRP that's available to purchase
12:03 15 on the market, if that could be done, might have helped
16 increase the price?

17 MS. ZORNBERG: Objection.

18 BY MR. MOYE:

19 Q. You can answer.

12:03 20 A. I think you're going into escrow. I had zero
21 visibility into any indication that Ripple was even
22 considering escrow.

23 Q. Okay. Did you think Ripple announcing good
24 news or progress to the public, hypothetically, could
12:03 25 help increase the price of XRP?

119

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:03 1 MS. ZORNBERG: Sorry. "Hypothetically,"
2 you said?

3 MR. MOYE: Yes.

4 MS. ZORNBERG: Objection to the
12:03 5 hypothetical.

6 THE WITNESS: I mean, hypothetically,
7 historically, one would see that good news
8 reported may lead to higher price in an asset.

9 Interestingly enough, though, through the
12:04 10 early days of XRP -- you know, I think -- I've
11 recalled message boards and believing it
12 myself that good news reported by Ripple
13 tended to be negatively correlated to XRP
14 price.

12:04 15 BY MR. MOYE:

16 Q. At what point in time?

17 A. During my [REDACTED]

18 Q. During your [REDACTED] time?

19 A. (Nodding).

12:04 20 Q. All right. Now, I would like you to turn
21 over to -- I guess this is the fourth page. Near the
22 top, it says "Hi, Dinuka. Best, Miguel."

23 Do you see that?

24 A. Yes.

12:04 25 Q. And then there's a number of paragraphs that

120

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:04 1 go below and also on the second and even the third page,
2 so if I ask you any question about a particular
3 paragraph, I'll direct you to it.

4 A. Okay.

12:05 5 Q. But would you take a moment, please, and look
6 at some of these paragraphs and see if you can confirm
7 that some of these are paragraphs that Miguel Vias wrote
8 and some are your responses?

9 (Pause.)

12:05 10 BY MR. MOYE:

11 Q. Or maybe I have that backward, maybe some of
12 these are your statements and some of these are
13 Miguel Vias's responses.

14 A. It is unclear to me which -- where they're
12:05 15 separated, but like --

16 For example, "I'm sorry to hear that and hope you
17 will reconsider given my responses below." Then
18 immediately, it says "[REDACTED] has clearly been a good
19 partner to Ripple."

12:06 20 MR. HECKER: Sorry. When you -- the
21 court reporter's going to have a hard time
22 hearing you.

23 (Thereupon, an informal discussion was
24 held off the record.)
25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:06 1 BY MR. MOYE:

2 Q. Okay, so just looking at those first two
3 paragraphs --

4 A. Okay.

12:06 5 Q. -- does the paragraph that says "While we are
6 interested" -- Does that appear to be yours? And the
7 paragraph that says "I'm sorry that" -- does that appear
8 to be a response by Mr. Vias?

9 A. It appears to be.

12:06 10 Q. Okay. So the next two paragraphs, does the
11 paragraph that says "Although the program aims to
12 incentivize liquidity" --

13 Does that appear to be your paragraph and does the
14 following appear to be a response by Mr. Vias?

12:06 15 A. The "although the program aims" paragraph
16 appears to be my paragraph.

17 Q. Uh-huh, so I guess --

18 A. Yes, and the -- yes.

19 "While I agree" -- this appears to be a Miguel Vias
12:07 20 paragraph.

21 Q. Okay. Let's look at the next paragraph. "We
22 also have concerns." Does that appear to be yours?

23 A. That appears to be mine.

24 Q. Okay, and how about the next paragraph? "It
12:07 25 might seem easy." Is that yours or Mr. Vias'?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:07 1 A. That appears to be Mr. Vias'?

2 Q. Okay. The last paragraph on this page that
3 rolls over onto the top of the next page, "Finally, the
4 numbers of the contract" -- does that appear to be you?

12:08 5 A. That appears to be me.

6 Q. Okay. The next paragraph that starts out
7 "BTC/EUR," is that also you?

8 A. That appears to be me.

9 Q. Okay. The paragraph that begins "[REDACTED]" is
12:08 10 that Mr. Vias?

11 (Pause.)

12 THE WITNESS: It appears to be Mr. Vias.

13 BY MR. MOYE:

14 Q. Okay. So the next paragraph, "While we have
12:08 15 great faith in Ripple" --

16 A. Uh-huh.

17 Q. -- is that you?

18 A. That is me.

19 Q. And is the next paragraph, "[REDACTED]" is a
12:09 20 professional" -- is that also you?

21 (Pause.)

22 THE WITNESS: That appears to be me.

23 BY MR. MOYE:

24 Q. Okay. Please take a moment and review those
12:09 25 two paragraphs, the "While we have great faith" and a

123

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:09 1 the "[REDACTED] is a professional" --

2 A. Okay.

3 Q. -- and let me know when you have done that.

4 (Pause.)

12:09 5 THE WITNESS: Okay.

6 BY MR. MOYE:

7 Q. What did you mean -- what were you trying to
8 communicate in the first paragraph that begins "While we
9 have had great faith in Ripple"?

12:10 10 A. I don't remember.

11 Q. Okay. Do you think you believed at the time
12 you were making accurate statements?

13 A. Yes.

14 Q. Okay. So do you think at the time you
12:10 15 thought the following statement was accurate?

16 A. Yes. Since --

17 Q. Let me read it. Let me read it.

18 A. Sorry. There was a pause.

19 MR. HECKER: No, but you don't know which
12:10 20 statement he's talking about.

21 BY MR. MOYE:

22 Q. All right. Right in the middle of the
23 paragraph, "Since we have pulled our market making
24 quotes, the market are far more sparse than they had
12:10 25 been with a large bias towards selling XRP."

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:10 1 Do you see that?

2 A. Yes.

3 Q. Do you believe that was accurate at the time
4 you wrote it?

12:10 5 A. I believe so.

6 Q. And the next sentence, "It seems that only a
7 small amount of XRP, you could move the market
8 considerably to the downside."

9 Do you see that?

12:11 10 A. That's correct.

11 Q. Do you believe that was your -- that's an
12 accurate statement of your impression at the time that
13 you wrote this?

14 A. I believe so.

12:11 15 Q. When you say, "a small amount of XRP, you
16 could move the market to the downside," do you mean
17 selling XRP?

18 A. Reading the statement, I believe that's what
19 I meant.

12:11 20 Q. Okay. Going to the middle of the next
21 paragraph, sentence that says "As currently structured."
22 Do you see that?

23 A. Yes.

24 Q. Could you read that statement out loud,
12:11 25 slowly, for the court reporter?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:11 1 A. "As currently structured, all this program
2 does is incentivize those in it to perform wash trades
3 with each other up to the [REDACTED] cap of the total
4 volume."

12:11 5 Q. Okay. At the time that you wrote this, did
6 you believe that was an accurate statement of your
7 understanding or impressions?

8 A. I believe so.

9 Q. Okay. What's your general understanding of
12:11 10 the phrase "wash trades" as you use it?

11 A. My general understanding of wash trades was
12 essentially you self-deal. Otherwise, buy and sell to
13 yourself for -- at the same price.

14 Q. Okay. So you can put aside from document for
12:12 15 now. I would like to ask you a couple of questions
16 about your general impressions of Ripple.

17 A. Uh-huh.

18 Q. Now, I want to ask it about this same time
19 period, so we're talking about January 2017 when you're
12:12 20 still at [REDACTED], okay?

21 In early 2017, was it your impression that Ripple
22 was generating operating revenue, revenue for the
23 company by selling XRP?

24 A. At this point, yes. I believed that Ripple
12:13 25 had been selling XRP to generate operating revenue.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:13 1 Q. Do you have an understanding of the phrase
2 "gateway liquidity"?

3 A. Yes.

4 Q. What, to your knowledge --
12:13 5 As you understand it, what is meant by the phrase
6 "gateway liquidity"?

7 A. So XRP Ledger is a decentralized ledger,
8 right? You can compare that to something like a
9 Coinbase, for example. Coinbase is a centralized
12:13 10 exchange. Now, if I wanted to trade on Coinbase, I can
11 send a wire to Coinbase. They will receive that wire in
12 their bank account. They can credit my account to trade
13 how they saw fit.

14 XRP Ledger is a decentralized exchange, so there's
12:13 15 no one to send a wire to necessarily, right, for XRP
16 Ledger in general. So you need to have a way to bring a
17 representation of other assets onto this decentralized
18 exchange, right?

19 MR. HECKER: Need to keep your voice up.
12:14 20 (Thereupon, an informal discussion was
21 held off the record.)

22 THE WITNESS: "Exchange." A gateway was
23 an institution that functioned --

24 (Thereupon, the requested portion of the
12:14 25 stenographic record was read back by the

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:14 1 shorthand reporter.)

2 THE WITNESS: "Exchange."

3 MS. ZORNBERG: Okay. Thank you.

4 THE WITNESS: So a gateway was an entity
12:14 5 that, say, set up either a bank account or
6 another means to bring a representation of an
7 asset onto the XRP Ledger.

8 As an example, [REDACTED] would allow you
9 to send them Bitcoin to a Bitcoin address and
12:15 10 they would create a Bitcoin IOU on the XRP
11 Ledger.

12 So gateway liquidity had to do with the
13 liquidity for a representation or -- or -- for
14 that entity's representation of a certain
12:15 15 asset on the XRP order book.

16 BY MR. MOYE:

17 Q. As you described that process, in early 2017,
18 did you believe that Ripple was providing XRP to
19 gateways in order to fund company operations?

12:15 20 MS. ZORNBERG: Objection to form.

21 THE WITNESS: I don't recall.

22 (Thereupon, a two-page e-mail chain with
23 top e-mail dated 9/28/17, from [REDACTED] to
24 [REDACTED] et al. was introduced as DS
12:15 25 Exhibit 6 for identification.)

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:15 1 BY MR. MOYE:

2 Q. Okay. Let's take a look at DS Exhibit 6.
3 Please let me know when you've had a chance to look it
4 over.

12:17 5 A. Okay.

6 Q. Okay. DS Exhibit 6 appears to be a printout
7 of an e-mail from [REDACTED] at Ripple on
8 September 28, 2017, to [REDACTED] at
9 [REDACTED].com with you as a cc.

12:17 10 Do you see that?

11 A. I do see that.

12 Q. Now, we show you there with a
13 [REDACTED]@ripple.com e-mail address; is that right?

14 A. Yes, sir.

12:17 15 Q. So at this time you are an employee at
16 Ripple, and you are working underneath Mr. Vias; is that
17 right?

18 A. That's correct.

19 Q. Okay, and what's your Ripple to [REDACTED] at
12:18 20 this point in time?

21 A. [REDACTED] was a -- he was -- he was an
22 employee at Ripple. Again, I had interface with him
23 quite a bit while I was at [REDACTED]. He
24 reported directly to Miguel Vias at the time, as did I.

12:18 25 Q. Okay. At this point in time, September of

129

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:18 1 2017, based on these e-mails, does it appear that Ripple
2 is trying to form a relationship or do business with
3 [REDACTED]?

4 A. That's how it appears.

12:18 5 Q. Does it appear [REDACTED] is heading
6 that effort?

7 MS. ZORNBERG: Object to form and
8 foundation.

9 THE WITNESS: I don't know that he's
12:18 10 heading that effort, but he's participating,
11 it looks like.

12 BY MR. MOYE:

13 Q. Okay. Do you know why you were part of
14 this -- why you were copied on these e-mails?

12:19 15 A. I don't -- I don't recall this e-mail
16 exchange.

17 Q. Okay. So with that caveat in mind, could you
18 look at the bottom of the page -- bottom half of the
19 page, where [REDACTED] writes "Hello Miguel and

12:19 20 [REDACTED]"

21 Do you see that?

22 A. Yes.

23 Q. Okay. So there's a paragraph that begins:

24 "We can discuss cash payout at a later point if it
12:19 25 makes sense." Why don't you read that paragraph to

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:19 1 yourself and let me know when you've had a chance to?

2 (Pause.)

3 THE WITNESS: Okay.

4 BY MR. MOYE:

12:19 5 Q. Okay. Do you know whether at this point in
6 time Ripple was interested in doing business with
7 [REDACTED]?

8 A. I don't recall.

9 Q. Do you know what [REDACTED] is referring
12:20 10 to when he says "The cash business is obviously much
11 large [sic] in the tens of billions in annual flow"?

12 A. Without recollection of this e-mail, I'm
13 guessing this is [REDACTED] remittance business.

14 Q. Their money transfer business?

12:20 15 A. Correct.

16 Q. Okay. Based on this e-mail and what you know
17 about Ripple, he wouldn't be talking about Ripple's
18 money transfer business?

19 MR. HECKER: Objection to the premises.
12:20 20 Since he doesn't remember the e-mail or the
21 exchange, I'm not sure how he would base his
22 answer on the e-mail, but ...

23 MR. MOYE: I think he's given an
24 appropriate caveat.

25

131

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:20 1 BY MR. MOYE:

2 Q. In the last sentence, [REDACTED] says,
3 "In general, there is only a very small portion of this
4 business that is prefunded."

12:20 5 So for the purposes of this question, please
6 assume -- and I could be wrong -- please assume "this
7 business" means Mr. -- means [REDACTED] business.

8 A. Uh-huh.

9 Q. Not Ripple's business.

12:21 10 Do you have any understanding of what
11 [REDACTED] meant when he said "There's a small
12 portion of [REDACTED] business that is prefunded"?

13 MS. ZORNBERG: Objection.

14 THE WITNESS: So my assumptions here are
12:21 15 that this is [REDACTED] money remittance
16 business. From the e-mail, I would gather
17 that this is -- he's talking about prefunding
18 destination payout.

19 BY MR. MOYE:

12:21 20 Q. Okay, and is that the sort of business -- am
21 I correct that that's a sort of business that Ripple
22 does with its XRP -- I'm sorry -- that XRP is used for
23 in the ODL transactions?

24 A. ODL was not live at the date of this -- this
12:21 25 e-mail.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:21 1 Q. Was there a product -- I'm sorry. Not a
2 product. Was there a method of doing business through
3 XRP-O?

4 A. Not at this time.

12:22 5 Q. Not at this point? Okay. Let me ask you a
6 different question.

7 Did you have an understanding of whether
8 [REDACTED], having only a small part of its business
9 being prefunded, as being good news for doing a
12:22 10 relationship with Ripple, or potentially bad news?

11 A. Could you repeat your question?

12 Q. Yes.

13 A. Or rephrase, perhaps?

14 Q. I will rephrase.

12:22 15 Was Ripple attempting to do business with
16 [REDACTED], as best you can tell, in a -- through
17 prefunded transactions?

18 MR. HECKER: Objection, foundation.

19 THE WITNESS: As best I could tell from
12:22 20 this e-mail record.

21 BY MR. MOYE:

22 Q. Sorry? What was the last word you said?

23 A. From this e-mail record.

24 Q. That it would be yes, as best as you could
12:23 25 tell?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:23 1 A. Yes, as best as I could tell from this
2 e-mail.

3 Q. Okay. But you have no independent
4 recollection one way or the other?

12:23 5 A. No.

6 Q. All right. You can put that aside.

7 (Thereupon, a three-page e-mail chain with
8 the top e-mail dated 11/2/17, from Miguel Vias
9 to Patrick Griffin was introduced as DS
12:23 10 Exhibit 7 for identification.)

11 BY MR. MOYE:

12 Q. All right. Please take a look at what's been
13 marked as DS Exhibit 7.

14 MS. ZORNBERG: Thank you.

12:23 15 (Pause.)

16 BY MR. MOYE:

17 Q. DS Exhibit 7 is a chain of e-mails, the top
18 of which is from [REDACTED]@griipple.com to
19 Patrick Griffin on November 2, 2017. "Subject:
12:24 20 Forward: Framework."

21 But right below that is an e-mail from you to
22 Mr. Vias, and so I would like you to read through that
23 e-mail to yourself and let me know when you're done.

24 (Pause.)

12:25 25 THE WITNESS: Okay.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:25 1 BY MR. MOYE:

2 Q. Okay. Have you ever heard of something
3 called a GDAX or G-D-A-X framework?

4 A. Yes.

12:25 5 Q. Can you tell us what a GDAX framework
6 generally is?

7 A. GDAX was a digital asset exchange related to
8 Coinbase. It was more Coinbase's, at the time,
9 institutional digital asset exchange with an open order
12:25 10 book. It had a framework upon which it claimed to base
11 decisions whether or not to list a digital asset on its
12 order books.

13 Q. Okay. Based on this e-mail, does it appear
14 that you were asked to evaluate whether XRP could be
12:25 15 listed on the GDAX exchange?

16 A. From this exchange, it appears that I'm asked
17 to evaluate how XRP fits within this framework.

18 Q. Okay. Is that separate from the question of
19 whether it could be listed or is that part of the
12:26 20 consideration?

21 A. I don't have visibility as to how -- what --
22 how closely GDAX followed their guidelines or what
23 weights they put on any of these different criteria.

24 Q. Okay. Fair enough.

12:26 25 So who asked you to take a look at the GDAX

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:26 1 framework and compare it to Ripple and XRP?

2 MS. ZORNBERG: Objection to the form.

3 THE WITNESS: It appears Miguel Vias did.

4 BY MR. MOYE:

12:26 5 Q. Okay. So looking at your e-mail that you
6 sent to Mr. Vias, what is the -- what's the first
7 comment you made about Section 1 of GDAX's mission and
8 values?

9 A. The first comment I made is "Ripple may not
12:26 10 be considered fully decentralized, and Ripple consensus
11 is not entirely trustless."

12 Q. What does that mean, in layman's terms?

13 A. I should give a caveat that I am not an
14 expert in Byzantine fault tolerance consensus
12:27 15 mechanisms. That would be, say, Arthur Britto or
16 David Schwartz, so I'm giving my understanding at the
17 time.

18 Q. Fair enough.

19 A. So this is Ripple may not be considered fully
12:27 20 decentralized. I think the --

21 The general view was that assets like Bitcoin and
22 Ether were considered more "decentralized," and Ripple's
23 consensus may not have been, and what I'm basing this on
24 here at the time was Ripple -- there's something called
12:27 25 a Unique Node List, which is a list of validators that